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Annual Financial Report

County of Stanislaus, California

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Stanislaus County

Striving to be the Best

Fiscal Year Ended June 30, 2003

Annual Financial Report

County of Stanislaus, California
Fiscal Year Ended
June 30, 2003

Prepared By
Stanislaus County Auditor-Controller's Office
Larry D. Haugh, Auditor-Controller

COUNTY OF STANISLAUS

Annual Financial Report

For the Fiscal Year Ended June 30, 2003

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Financial Section

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Grand Jury and
Board of Supervisors
Stanislaus County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Stanislaus, California, (the County), as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Fund, a Trust and Agency Fund, which statements reflect total assets of $967,717,056 as of June 30, 2003, and total operating revenues of $34,728,482 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included in the Pension Trust Fund, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Stanislaus as of June 30, 2003, and the respective changes in financial position and cash flows,

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where applicable, thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2003 on our consideration of the County of Stanislaus' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD & A) on pages 3 through 13 and the required supplementary information other than MD & A on page 77 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

BARTIG, BASLER & RAY, CPAs, INC.

Bartig, Basler & Ray, CPAs, Inc.

October 16, 2003
Roseville, California

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the County of Stanislaus (County), we offer this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2003. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the 2002-2003 fiscal year by $650,750,384 (*net assets)*. Of this amount, $501,918,905 is invested in capital net of related debt and $184,492,812 is restricted for specific purpose (*restricted net assets*), leaving a deficit of ($35,661,333) in unrestricted net assets.
- The government's total net assets decreased by $8,398,302.
- As of June 30, 2003, the County governmental funds reported combined fund balances of $256,423,498, a decrease of $3,803,145 in comparison with the prior year. Approximately 76% of the combined fund balances, $195,410,472 is available to meet the County's current and future needs (*unreserved fund balance).*
- At the end of the fiscal year, unreserved fund balance for the general fund was $35,999,464, or 19% of total general fund expenditures and transfers.
- The County's total long-term debt decreased by $10,340,781 in comparison with the prior year. The decrease resulted primarily from scheduled principal retirements of the pension obligation bond and certificates of participation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. This report also contains other supplementary information.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all County assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activities of the County include the Fink and Geer Road Landfills, Health Clinics and Ancillary Services, Stanislaus Behavioral Health Center, Inmate Welfare/Commissary and Transit.

The government-wide financial statements include not only the County (known as the primary government), but also legally separate entities (Component units) for which the County is financially accountable. There are four Component units included in these financial statements. The Redevelopment Agency, Stanislaus County Capital Improvements Financing Authority, and the Lighting Districts, although legally separate, function for all practical purposes as departments of the County and therefore, are included as an integral part of the primary government. The Modesto/Stanislaus Consolidated Emergency Dispatch component unit financial information is reported separately from the County.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds, proprietary funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

For the governmental funds, information is presented separately for the General Fund, Behavioral Health and Recovery, Community Services Agency, Public Facility Fees, and the Tobacco Settlement Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

The County adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided in this report for the General fund and the major special revenue funds.

The governmental funds financial statements can be found on pages 18-31 of this report

Proprietary funds are divided into two types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Fink and Geer Road Landfills, Health Clinics and Ancillary Services, Stanislaus Behavioral Health Center, Inmate Welfare/Commissary and Transit activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance activities, Central Services, Fleet services, Technology and communication, and Morgan shop garage. All of these activities, except the professional liability self-insurance, predominantly benefit governmental functions and have been included within *governmental activities* in the government-wide financial statements. The Professional Liability Insurance predominantly benefits business type functions and is included within the *business-type* activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Fink and Geer road landfills, and the Health Clinics and Ancillary services fund are considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary funds financial statements can be found on pages 32-35 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds.

The fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 38-76 of this report.

The combining and individual fund statements referred to earlier provide information for non-major governmental funds, enterprise and internal service funds and are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 79-93 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $650,750,384 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (77%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	$339,861,505	$314,530,586	$13,257,728	$15,515,121	$353,119,233	$330,045,707
Capital assets	594,875,200	586,793,860	24,761,035	24,635,244	619,636,235	611,429,104
Total assets	934,736,705	901,324,446	38,018,763	40,150,365	972,755,468	941,474,811
Long-term liabilities outstanding	225,865,344	233,459,774	22,320,494	20,711,534	248,185,838	254,171,308
Other liabilities	69,294,808	40,584,606	4,524,438	4,150,854	73,819,246	44,735,460
Total liabilities	295,160,152	274,044,380	26,844,932	24,862,388	322,005,084	298,906,768
Net assets:						
Invested in capital, net of related debt	479,642,785	466,709,321	22,276,120	22,441,843	501,918,905	489,151,164
Restricted	163,462,506	170,994,690	21,030,306	19,420,965	184,492,812	190,415,655
Unrestricted	(3,528,738)	(10,423,945)	(32,132,595)	(26,574,831)	(35,661,333)	(36,998,776)
Total net assets	$639,576,553	$627,280,066	$11,173,831	$15,287,977	$650,750,384	$642,568,043

Another significant portion of the County's net assets, $184,492,812, represents resources that are subject to external restrictions on how they may be used. These two portions of the net assets (invested in capital and restricted) equal greater than 100% of the total net assets, leaving a deficit of $(35,661,333).

The County's net assets decreased by $8.4 million during the current fiscal year. This decrease can be attributed to a $3.7 million dollar loss in the Health Clinic and Ancillary Services business activity and increased capital project spending in the governmental activities.

For business-type activities, the County reported a negative balance of ($32,132,595) in unrestricted net assets. This deficit is due primarily to the liability for closure/post-closure in the closed Geer Road landfill and the accumulated deficit in the Health Clinics and Ancillary Services fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Governmental activities Governmental activities decreased the County's net assets by $4.3 million, thereby accounting for 51% of the total decrease in net assets of the County.

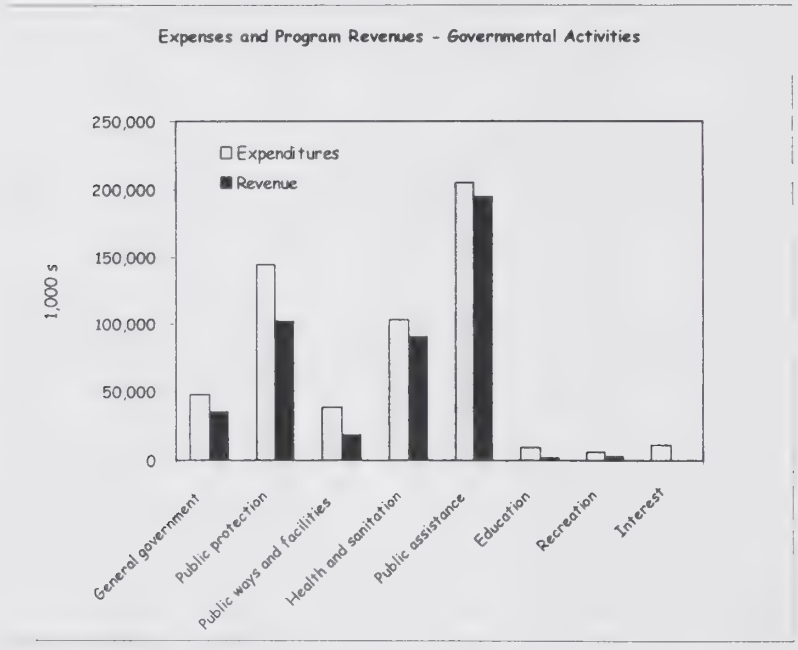
The following table indicates the changes in net assets for governmental and business-type activities:

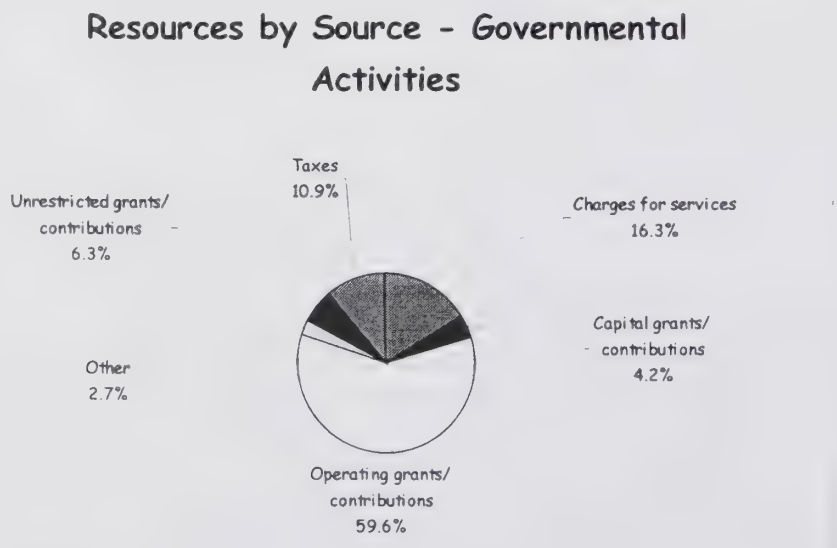
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services	$91,056,066	$94,515,279	$58,550,605	$56,562,907	$149,606,671	$151,078,186
Operating grants and contributions	332,085,792	340,536,926	514,380	808,097	332,600,172	341,345,023
Capital grants and contributions	23,552,188	19,854,710		2,322,034	23,552,188	22,176,744
General revenues:						
Property taxes	31,561,725	29,325,476			31,561,725	29,325,476
Sales taxes	26,468,757	23,656,194	1,892,035	1,606,502	28,360,792	25,262,696
Other taxes	2,918,028	2,603,661			2,918,028	2,603,661
Unrestricted investment earnings	3,646,615	5,476,077	2,571,919	1,979,239	6,218,534	7,455,316
Grants/contributions not restricted	34,395,428	32,450,247			34,395,428	32,450,247
Other general revenue	12,566,954	11,371,236		(11,801)	12,566,954	11,359,435
Total revenues	558,251,553	559,789,806	63,528,939	63,266,978	621,780,492	623,056,784
Expenses:						
General government	48,391,005	40,719,666			48,391,005	40,719,666
Public protection	143,930,821	136,575,084			143,930,821	136,575,084
Public ways and facilities	39,214,960	33,500,529			39,214,960	33,500,529
Health and sanitation	103,632,801	99,938,442			103,632,801	99,938,442
Public assistance	205,434,527	210,016,007			205,434,527	210,016,007
Education	9,628,228	8,979,780			9,628,228	8,979,780
Recreation	6,062,670	4,786,457			6,062,670	4,786,457
Interest on long-term debt	11,582,666	11,720,293			11,582,666	11,720,293
Landfills			7,659,100	7,184,548	7,659,100	7,184,548
Behavioral health			13,799,708	14,019,815	13,799,708	14,019,815
Health Clinics and Ancillary			37,321,847	36,353,822	37,321,847	36,353,822
Inmate Welfare and Commissary			1,437,906	1,317,672	1,437,906	1,317,672
Transit			2,082,555	1,951,513	2,082,555	1,951,513
Total expenses	567,877,678	546,236,258	62,301,116	60,827,370	630,178,794	607,063,628
Net asset increase (decrease) before transfers and special items	(9,626,125)	13,553,548	1,227,823	2,439,608	(8,398,302)	15,993,156
Special items		52,403,206				52,403,206
Transfers	5,341,969	2,379,750	(5,341,969)	(2,379,750)		
Change in net assets	(4,284,156)	68,336,504	(4,114,146)	59,858	(8,398,302)	68,396,362
Net assets – July 1, restated	643,860,709		15,287,977		659,148,686	
Net assets – July 1		558,943,562		15,228,119		574,171,681
Net assets – June 30	$639,576,553	$627,280,066	$11,173,831	$15,287,977	$650,750,384	$642,568,043

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Key elements of the decrease in net assets for governmental activities are as follows:

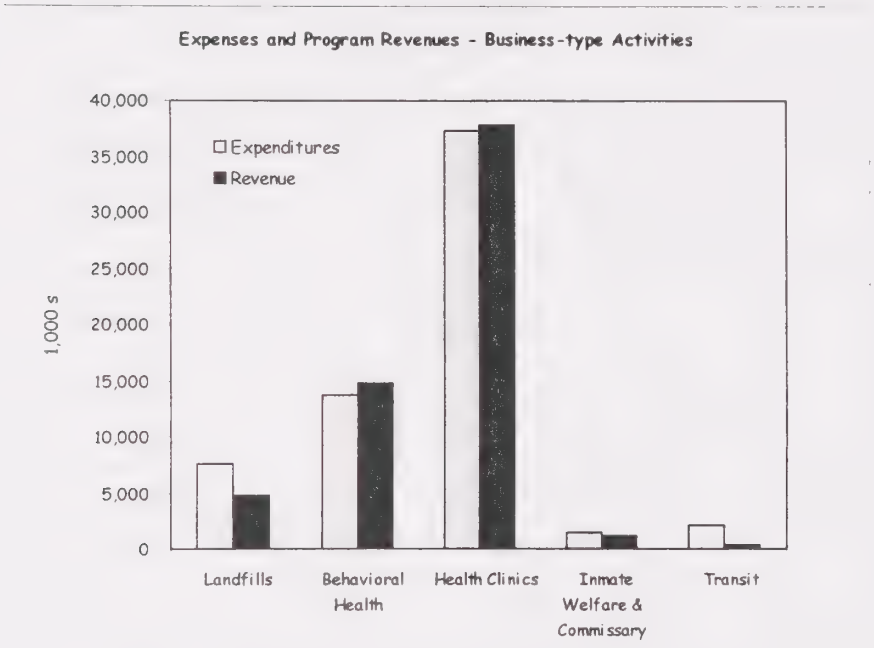
- Revenues remained flat while expenditures increased overall by 4%.
- Redevelopment expenditures increased by $4.9 million to improve major storm drain lines and add a new storm drain basin as well as curbs, gutters and landscaping in the town of Salida. This was all financed with borrowed money. The ongoing redevelopment tax increment money received each year will provide the resources to pay for the debt.
- Recreation expenditures increased by $1 million for the county's portion of an improvement at the Woodward Reservoir park.

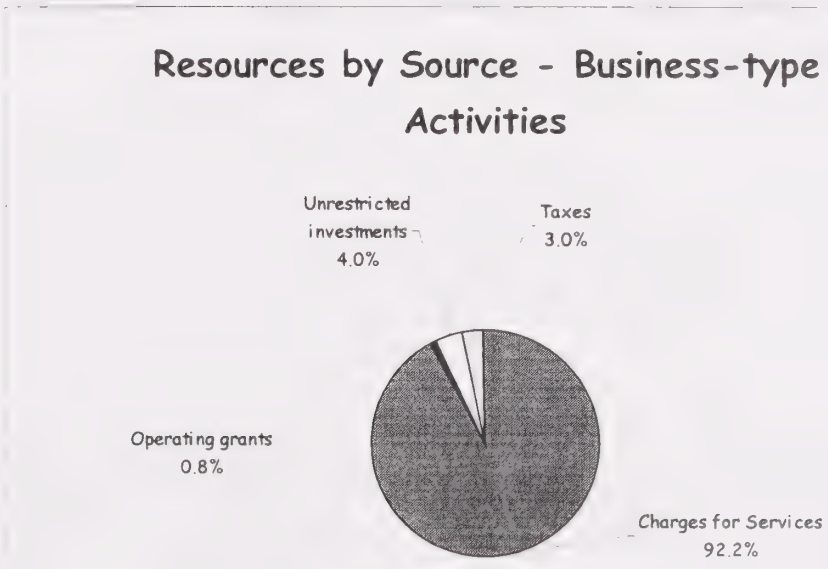




GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Business-type activities – Business-type activities decreased the County's net assets by $4.1 million or 49% of the total decrease in net assets. This decrease can be attributed mainly to the $3.7 million loss in the Health Clinics and Ancillary Services activity.





FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses ***fund accounting*** to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. Included in these funds are the special districts governed by the County Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2003, the County's governmental funds reported combined fund balances of $256,423,498, a decrease of $3,803,145 in comparison with the prior year. This decrease can largely be attributed to the increase in Capital Project expenditures for the Salida storm drain and landscape improvements, the improvements to City Hall and the new Salida library, plus the beginnings of the new art center and related parking structure. Approximately 76% of the combined fund balances, $195,410,472 constitutes *unreserved fund balance,* which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because it has been committed:

1) to pay debt service ($14,047,088)
2) to liquidate contracts and purchase orders of the prior period ($18,830,444)
3) to reflect amount due from other funds that are long-term in nature and thus do not represent available spendable resources ($10,531,832)
4) to reflect amounts advanced to other governmental agencies that are long-term and do not represent available resources ($13,701,237)
5) for a variety of other restricted purposes ($3,902,425).

The general fund is the chief operating fund of the County. At June 30, 2003, unreserved fund balance of the general fund was $35,999,464 while total fund balance reached $59,940,770. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 19% of total fund expenditures and transfers, while total fund balance represents 32% of that same amount.

The County's management also designates (earmarks) unreserved fund balance to a particular function, project, activity or for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the $35.9 million General Fund unreserved fund balance, 59% is designated. Unreserved, undesignated fund balance at year-end was $14.6 million.

The total fund balance of the County's general fund increased by $4.1 million during the current fiscal year, largely due to fewer transfers out for debt service.

The debt service funds have a total fund balance of $15,406,642, of which 70% or $10,774,967 is reserved for the payment of debt service. The net decrease in fund balance during the current

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Cont.)

year in the debt service funds was $2,749,781. This decrease was due to Pension Obligation Bond payments exceeding revenue collection.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The following table shows actual revenues, expenses and results of operations for the current fiscal year:

	Proprietary Funds				
	Major Funds			Non-major	
	Fink Road Landfill	Geer Road Landfill	Health Clinics & Ancillary	Other Enterprise Funds	Total
Operating revenues	$4,793,868	$ 0	$37,576,983	$16,179,759	$58,550,610
Operating expenses	6,966,115	692,984	36,410,687	17,307,151	61,376,937
Operating income (loss)	(2,172,247)	(692,984)	1,166,296	(1,127,392)	(2,826,327)
Non-operating revenues (expenses), net	2,180,896	186,239	(394,113)	2,246,875	4,219,897
Net income (loss) before contributions and transfers	8,649	(506,745)	772,183	1,119,483	1,393,570
Contributions and transfers	(475,078)	450,000	(4,488,296)	(828,593)	(5,341,967)
Net income (loss)	($466,429)	($56,745)	($3,716,113)	$290,890	($3,948,397)

The net loss in the Fink Road Landfill was due to an increase in closure/postclosure liability. The loss in the Geer Road Landfill is due to a decrease in investment income. The Health Clinics and Ancillary fund loss is due to expenses exceeding revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County appropriated $2.2 million for contingencies and departmental reserves as part of administrative policy. At year-end, revenues exceeded budgetary estimates in the General Fund by $12 million and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance for budget increases.

During the year, appropriations were increased by $3,577,080 resulting in a difference between the original budget and the final amended budget. This increase was primarily due to amendments to the public protection budgets of the Sheriff, District Attorney, Agricultural Commissioner and Public Defender.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2003, amounted to $619,636,235 (net of accumulated depreciation). This investment in

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont.)

capital assets includes land and easements, roads, highways, bridges, park facilities, buildings and improvements, and equipment. The County's total investment in capital assets for the current period increased by $8.2 million due to the addition of infrastructure not included in 2001/02.

Major capital asset events during the 2002/03 fiscal year included the following:

- Completion of $2 million in renovations to an existing building in Salida for a new branch library and community center meeting facility. The Salida library opened in April of 2003.
- As part of an overall downtown Modesto improvement plan, the former city hall building was remodeled into County offices for the Sheriff's civil unit and alternative work program, the Adult Probation department, and the Strategic Business Technology department for $3.6 million. Also preliminary work was begun on a new arts center and related parking structure for $2.8 million.
- Major public works projects included a $4 million widening of Albers Road and $4.5 million improvements to Shackelford Road.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

County of Stanislaus Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land and easements	$ 28,327,968	$ 27,995,206	$ 14,399,808	$ 14,399,810	$ 42,727,776	$ 42,395,016
Buildings and improvements	135,418,336	130,795,997	7,735,953	8,065,875	143,154,289	138,861,872
Equipment	16,140,932	14,497,896	2,625,274	2,169,559	18,766,206	16,667,455
Infrastructure	414,987,964	413,504,761	-	-	414,987,964	413,504,761
Total	$ 594,875,200	$ 586,793,860	$ 24,761,035	$ 24,635,244	$ 619,636,235	$ 611,429,104

Long-term debt

At June 30, 2003, the County had total long-term debt outstanding of $182,705,000. The decrease of $10.3 million from last year's outstanding debt is a result of scheduled principal payments.

Our long-term debt ratings are an "A-" from Standard and Poor's Corporation and an "A" from Moody's Investor service.

County of Stanislaus
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Certificates of Participation	$ 89,645,344	$ 94,826,893	$ 1,454,656	$ 1,552,888	$ 91,100,000	$ 96,379,781
Pension Obligation Bonds	87,080,000	92,105,000			87,080,000	92,105,000
Loan Anticipation Note	4,525,000	4,525,000			4,525,000	4,525,000
Total	$ 181,250,344	$191,456,893	$ 1,454,656	$ 1,552,888	$ 182,705,000	$ 193,009,781

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following factors were considered in preparing the County's budget for fiscal year 2003/04:

- The slow national and state economy and state budget deficit of the past year have resulted in the County reducing the budget during 2002/03 and further reducing it in 2003/04.
- Property tax revenue, which represents 25% of the General fund discretionary revenue, is budgeted in 2003/04 with no growth or at the same level as actual receipts in 2002/03.
- The County's Final Budget for 2003/04 was based on a proposed State budget in June 2003. It was known at the time that significant changes to the State budget were likely. The County plans to examine its budget at mid-year and make the necessary adjustments.
- The financial position of the Health Services Agency Clinics and Ancillary services enterprise fund has deteriorated $3.7 million more this fiscal year. The County's plan to eliminate the $22 million net asset deficit is to reclassify a loan from another fund to revenue ($8 million) and to use a portion of the interest generated from the tobacco endowment funds each year to reduce the deficit. This plan relies on the clinics to break even each year. Depending on the market conditions, it is estimated to take until 2015 for the tobacco endowment funds to earn the necessary interest.

Since the County budget was adopted, the following economic conditions have materialized:

- The unemployment rate in the County for August 2003 was 9.3% up from last year's August rate of 8.6% and compared to the 6.5% rate for the State of California
- Unrestricted vehicle license fees, about 25% of the General fund discretionary revenue will be reduced approximately $8.0 million in 2003/04 through actions the State took to deal with their own budget deficit. With the change of governor, this loss could increase depending on the new administration's actions.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased to $14.6 million mainly due to a decrease in transfers out for debt service and for the Community Services Agency. The County has appropriated $12.7 million of this fund balance for spending in the 2004 fiscal year budget.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller's Office, 1010 Tenth Street, Suite 5100, P.O. Box 770, Modesto, CA 95353.

Questions or requests for additional information regarding the discretely presented component unit, Modesto/Stanislaus Consolidated Emergency Dispatch, should be addressed to the Office Manager, 3705 Oakdale Road, Modesto, CA 95357.

Basic Financial Statements

County of Stanislaus
Statement of Net Assets
June 30, 2003

	Primary Government			Component Unit
	Governmental Activites	Business-type Activities	Total	Emergency Dispatch
ASSETS				
Cash and investments	$ 135,790,347	$ 11,276,960	$ 147,067,307	$ 455,239
Cash with fiscal agent	83,979,398		83,979,398	
Taxes receivable	105,364		105,364	
Accounts receivable	53,407,400	11,772,221	65,179,621	862,515
Interest and other receivables	5,215,122	122,381	5,337,503	2,851
Deposit with others	672,375		672,375	
Deferred charges	87,539		87,539	
Inventories	754,986	427,350	1,182,336	
Prepaid items	343,244	152,650	495,894	
Advances to other governments	13,701,237		13,701,237	
Intergovernmental receivables	1,729,037		1,729,037	
Internal balances	28,788,202	(28,788,202)		
Restricted cash and investments	15,287,254	18,294,368	33,581,622	
Capital assets: (net of accumulated depreciation)				
Land	28,327,968	14,399,808	42,727,776	
Infrastructure	414,987,964		414,987,964	
Building and improvements	135,418,336	7,735,953	143,154,289	2,522,367
Equipment	16,140,932	2,625,274	18,766,206	930,633
Total capital assets	594,875,200	24,761,035	619,636,235	3,453,000
Total assets	934,736,705	38,018,763	972,755,468	4,773,605
LIABILITIES				
Accounts payable	15,687,111	3,226,980	18,914,091	20,245
Salaries and benefits payable	8,805,379	1,268,841	10,074,220	168,163
Interest payable	3,817,520		3,817,520	
Deferred revenue	10,966,980		10,966,980	
Deposits from others	17,818	28,617	46,435	
Tax revenue anticipation note	30,000,000		30,000,000	
Long-term liabilities:				
Portion due or payable within one year:				
Compensated absences - current	626,392	80,921	707,313	15,081
Risk management liability - current	8,150,492	541,604	8,692,096	
Capital leases - current	493,977	388,713	882,690	
Long-term obligations - current	15,350,536	134,464	15,485,000	
Portion due or payable after one year:				
Risk management liability	12,467,977	117,396	12,585,373	
Capital leases payable	560,335	641,547	1,201,882	
Compensated absences	22,315,825	1,705,188	24,021,013	532,532
Long-term obligations	165,899,808	1,320,192	167,220,000	
Estimated cost of landfill closure/postclosure		17,390,469	17,390,469	
Total liabilities	295,160,152	26,844,932	322,005,084	736,021
NET ASSETS				
Investment in capital assets, net of related debt	479,642,785	22,276,120	501,918,905	3,453,000
Restricted for:				
Capital projects	102,534,957		102,534,957	
Debt service	10,774,967	200,338	10,975,305	
Other purposes	50,152,582	20,829,968	70,982,550	
Unrestricted (deficit)	(3,528,738)	(32,132,595)	(35,661,333)	584,584
Total net assets	$ 639,576,553	$ 11,173,831	$ 650,750,384	$ 4,037,584

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Activities
For the Year Ended June 30, 2003

Functions/Programs	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 48,391,005	$ 23,686,029	$ 10,952,722	$ 703,473
Public protection	143,930,821	33,973,505	64,024,458	4,062,477
Public ways and facilities	39,214,960	1,990,484		16,714,211
Health and sanitation	103,632,801	24,778,203	66,011,224	582,449
Public assistance	205,434,527	4,139,918	190,135,002	
Education	9,628,228	387,553	608,042	1,067,154
Recreation	6,062,670	2,100,374	354,344	422,424
Interest and fiscal charges on long-term debt	11,582,666			
Total governmental activities	567,877,678	91,056,066	332,085,792	23,552,188
Business-type activities:				
Landfills	7,659,100	4,793,867		
Behavioral Health	13,799,708	14,756,842	39,919	
Health Clinics & Ancillary	37,321,847	37,576,983	280,187	
Inmate Welfare and Commissary	1,437,906	1,226,081		
Transit	2,082,555	196,832	194,274	
Total business-type activities	62,301,116	58,550,605	514,380	
Total Stanislaus County	$ 630,178,794	$ 149,606,671	$ 332,600,172	$ 23,552,188
Component unit:				
Emergency Dispatch	$ 5,505,476	$ 5,166,569	$	$ 256,468

General revenues:
- Taxes:
  - Property taxes
  - Property taxes - unsecured
  - Sales taxes
  - Sales taxes - library
  - Sales taxes - road
  - Other taxes
- Franchise fees
- Payment in lieu of taxes:
  - Motor vehicle license
  - Open space subvention
- Unrestricted investment earnings
- Miscellaneous
- Net transfers

Total general revenues and transfers

Changes in net assets

Net assets--beginning

Net assets--ending

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Activities
For the Year Ended June 30, 2003

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Emergency Dispatch	Functions/Programs
				Primary government
				Governmental activities:
$ (13,048,781)	$	$ (13,048,781)		General government
(41,870,381)		(41,870,381)		Public protection
(20,510,265)		(20,510,265)		Public ways and facilities
(12,260,925)		(12,260,925)		Health and sanitation
(11,159,607)		(11,159,607)		Public assistance
(7,565,479)		(7,565,479)		Education
(3,185,528)		(3,185,528)		Recreation
(11,582,666)		(11,582,666)		Interest and fiscal charges on long-term debt
(121,183,632)		(121,183,632)		Total governmental activities
				Business-type activities:
	(2,865,233)	(2,865,233)		Landfills
	997,053	997,053		Behavioral Health
	535,323	535,323		Health Clinics & Ancillary
	(211,825)	(211,825)		Inmate Welfare and Commissary
	(1,691,449)	(1,691,449)		Transit
	(3,236,131)	(3,236,131)		Total business-type activities
$ (121,183,632)	$ (3,236,131)	$ (124,419,763)		Total Stanislaus County
				Component unit:
$	$	$	$ (82,439)	Emergency Dispatch
				General revenues:
				Taxes:
30,146,039		30,146,039		Property taxes
1,415,686		1,415,686		Property taxes - unsecured
17,515,505	1,892,035	19,407,540		Sales taxes
7,036,979		7,036,979		Sales taxes - library
1,916,273		1,916,273		Sales taxes - road
2,918,028		2,918,028		Other taxes
918,309		918,309		Franchise fees
				Payment in lieu of taxes:
32,658,197		32,658,197		Motor vehicle license
1,737,231		1,737,231		Open space subvention
3,646,615	2,571,919	6,218,534	85,426	Unrestricted investment earnings
11,648,645		11,648,645		Miscellaneous
5,341,969	(5,341,969)			Net transfers
116,899,476	(878,015)	116,021,461	85,426	Total general revenues and transfers
(4,284,156)	(4,114,146)	(8,398,302)	2,987	Changes in net assets
643,860,709	15,287,977	659,148,686	4,034,597	Net assets--beginning
$ 639,576,553	$ 11,173,831	$ 650,750,384	$ 4,037,584	Net assets--ending

County of Stanislaus
Balance Sheet
Governmental Funds
June 30, 2003

	General Fund	Behavioral Health and Recovery	Community Services Agency	Public Facility Fees	Tobacco Settlement	Other Governmental Funds	Totals Governmental Funds
Assets:							
Pooled cash and investments	$ 8,228,524	$ 4,192,275	$ 1,547,785	$ 41,207,221	$	$ 64,414,245	$ 119,590,050
Cash with fiscal agent	30,000,000				53,979,399	14,047,088	98,026,487
Taxes receivable	105,364						105,364
Accounts receivable	14,488,377	7,712,951	11,135,135			19,641,786	52,978,249
Interest and other receivables	333,786	23,355		170,376		212,230	739,747
Interfund receivable	30,267,672						30,267,672
Due from other funds		340,105	24,996			200,067	565,168
Due from other governments	1,729,037						1,729,037
Deposit with others	8,645						8,645
Inventory						378,328	378,328
Deferred charges						79,500	79,500
Advance to other governments	11,701,237					2,000,000	13,701,237
Advances to other funds	501,350	2,640,000				7,390,482	10,531,832
Prepaid items		71,495				271,749	343,244
Restricted cash and investments	1,240,166						1,240,166
Total assets	$ 98,604,158	$ 14,980,181	$ 12,707,916	$ 41,377,597	$ 53,979,399	$ 108,635,475	$ 330,284,726
Liabilities and fund balances							
Liabilities							
Accounts payable	$ 3,296,069	$ 4,646,337	$ 332,502			$ 5,953,400	$ 14,228,308
Salaries and benefits payable	3,735,224	976,000	1,600,633			2,282,315	8,594,172
Tax revenue anticipation note	30,000,000						30,000,000
Interfund payable						5,509,656	5,509,656
Due to other funds	369,674	304,314				728,956	1,402,944
Deposits from others						17,818	17,818
Deferred revenue	1,262,421	801,920	8,679,432			223,207	10,966,980
Advances from other funds		2,640,000				501,350	3,141,350
Total liabilities	38,663,388	9,368,571	10,612,567			15,216,702	73,861,228
Fund balances:							
Reserved for:							
Encumbrances	8,604,598	898,674	14,474			9,312,698	18,830,444
Advance to other funds	501,350	2,640,000				7,390,482	10,531,832
Advance to other government	11,701,237					2,000,000	13,701,237
Other	3,134,121	80,130	27,150			661,024	3,902,425
Cash with fiscal agent						14,047,088	14,047,088
Unreserved:							
Designated for:							
Debt service	9,757,589						9,757,589
Contingencies	11,644,467						11,644,467
Reported in :							
General fund	14,597,408						14,597,408
Special revenue fund		1,992,806	2,053,725		53,979,399	49,663,287	107,689,217
Capital project funds				41,377,597		5,712,519	47,090,116
Debt service funds						4,631,675	4,631,675
Total fund balances	59,940,770	5,611,610	2,095,349	41,377,597	53,979,399	93,418,773	256,423,498
Total liabilities and fund balances	$ 98,604,158	$ 14,980,181	$ 12,707,916	$ 41,377,597	$ 53,979,399	$ 108,635,475	$ 330,284,726

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2003

Total fund balances for governmental funds (page 18)		$ 256,423,498
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activites are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 28,327,968	
Infrastructure	414,987,963	
Buildings and improvements	134,477,100	
Equipment	11,906,111	
Total capital assets		589,699,142
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		8,039
Internal service funds are used by the County to charge the cost of general liability, unemployment, worker's compensation, dental, vision, & purchased insurance plus Central services, Fleet services, Technology & communication and Morgan garage to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets.		(2,817,002)
Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are not recognized as revenue in the funds.		4,411,436
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net assets.		
Balances at June 30, 2003 are:		
Certificates of participation	(94,170,344)	
Bonds and note payable	(87,080,000)	
Capital leases	(764,871)	
Accrued interest on long term debt	(3,817,520)	
Compensated absences	(22,315,825)	
Total long-term liabilities		(208,148,560)
Net assets of governmental activities (page 15)		639,576,553

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2003

	General Fund	Behavioral Health and Recovery	Community Services Agency	Public Facility Fees	Tobacco Settlement	Other Governmental Funds	Totals Governmental Funds
REVENUES:							
Taxes	$ 49,002,479	$	$	$	$	$ 11,946,026	$ 60,948,505
Licenses, permits and franchises	1,689,813		66,369			1,650,648	3,406,830
Fines, forfeitures and penalties	6,266,245	102,160				1,625,259	7,993,664
Revenue from use of money and property	2,921,212	261,938	1,622	1,107,985	1,525,567	2,090,630	7,908,954
Intergovernmental revenue	89,133,714	33,898,156	172,315,400			84,314,355	379,661,625
Charges for services	33,482,876	21,008,983	666,129	9,321,123		20,210,235	84,689,346
Miscellaneous revenue	7,753,913	293,781	976,325	(9,858)		2,634,484	11,648,645
Total revenues	190,250,252	55,565,018	174,025,845	10,419,250	1,525,567	124,471,637	556,257,569
EXPENDITURES:							
Current:							
General	30,938,008					8,104,566	39,042,574
Public protection	96,980,176	1,107,477				42,271,494	140,359,147
Public ways and facilities						24,703,267	24,703,267
Health and sanitation	3,939,628	62,341,045				37,578,937	103,859,610
Public assistance	306,900		183,109,662			21,115,921	204,532,483
Education	330,482					9,118,681	9,449,163
Recreation and cultural services	5,374,777					58,254	5,433,031
Capital outlay				97,756		17,742,589	17,840,345
Debt service:							
Interest and fiscal charges						11,207,951	11,207,951
Principal						10,208,176	10,208,176
Total expenditures	137,869,971	63,448,522	183,109,662	97,756		182,109,836	566,635,747
Excess revenues over (under) expenditures	52,380,281	(7,883,504)	(9,083,817)	10,321,494	1,525,567	(57,638,199)	(10,378,178)
OTHER FINANCING SOURCES (USES)							
Capital lease proceeds	51,026	16,975	170,116			52,821	290,938
Transfers in	2,614,410	8,258,289	8,438,800			56,097,678	75,409,177
Transfers out	(50,942,182)	(1,276,240)	(1,838,002)	(5,748,187)	(202,630)	(9,406,481)	(69,413,722)
Sale of fixed assets	1,989					286,651	288,640
Total other financing sources (uses)	(48,274,757)	6,999,024	6,770,914	(5,748,187)	(202,630)	47,030,669	6,575,033
Net change in fund balances	4,105,524	(884,480)	(2,312,903)	4,573,307	1,322,937	(10,607,530)	(3,803,145)
Fund balance at beginning of year	55,835,246	6,496,090	4,408,252	36,804,290	52,656,462	104,026,303	260,226,643
Fund balances at end of year	$ 59,940,770	$ 5,611,610	$ 2,095,349	$ 41,377,597	$ 53,979,399	$ 93,418,773	$ 256,423,498

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Reconciliation of the
Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental funds
to the Government-wide Statement of Activities - Governmental Activities
For the Fiscal Year Ended June 30, 2003

Net change in fund balances - total governmental funds (page 20)		$ (3,803,145)
The change in net assets reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets and infrastructure	23,083,820	
Less sale of fixed assets	(570,279)	
Less current year depreciation	(31,186,008)	(8,672,467)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		1,496,720
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		
Repayments:		
Certificate of participation	5,183,176	
Pension obligation bond	5,025,000	
Capital lease	372,778	10,580,954
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest payable	(374,714)	
Change in compensated absences	(45,042)	
Change in deferred charges	(48,236)	(467,992)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.		(3,418,226)
Change in net assets of governmental activities (page 17)		(4,284,156)

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues:				
Taxes	$ 45,026,700	$ 46,176,700	$ 49,002,483	$ 2,825,783
Licenses, permits and franchises	1,592,865	1,592,865	1,689,813	96,948
Fines, forfeitures and penalties	3,611,127	3,339,245	6,266,245	2,927,000
Revenue from use of money and property	4,771,892	4,846,892	2,921,212	(1,925,680)
Intergovernmental revenue	85,431,818	86,577,836	89,133,714	2,555,878
Charges for services	33,323,111	33,865,610	33,482,876	(382,734)
Miscellaneous revenue	969,412	969,412	7,753,913	6,784,501
Total revenues	174,726,925	177,368,560	190,250,256	12,881,696
Expenditures: General				
Assessor				
Salaries and employee benefits	3,241,539	3,259,836	3,144,584	115,252
Services and supplies	90,652	92,813	63,049	29,764
Other charges	459,710	447,710	502,232	(54,522)
Expenditure transfer	40,891	40,891	27,238	13,653
Fixed assets	2,160		(2,160)	2,160
Total expenditures	3,834,952	3,841,250	3,734,943	106,307
Assessor Property Tax Computer				
Salaries and employee benefits				
Services and supplies	123,000	123,000	(33,362)	156,362
Other charges	7,500	7,500	(7,500)	15,000
Expenditure transfer				
Appropriations for contingencies				
Fixed assets	55,700	65,076	8,059	57,017
Total expenditures	186,200	195,576	(32,803)	228,379
Auditor-Controller				
Salaries and employee benefits	2,813,402	2,813,402	2,686,883	126,519
Services and supplies	225,035	225,035	137,382	87,653
Other charges	330,830	470,830	446,928	23,902
Expenditure transfer	3,254	3,254	(6,109)	9,363
Fixed assets				
Total expenditures	3,372,521	3,512,521	3,265,084	247,437
Board of Supervisors				
Salaries and employee benefits	972,609	972,609	930,613	41,996
Services and supplies	162,177	163,177	159,338	3,839
Other charges	79,013	78,013	83,297	(5,284)
Expenditure transfer	18,976	18,976	12,228	6,748
Fixed assets				
Total expenditures	1,232,775	1,232,775	1,185,476	47,299
Administrative Office				
Salaries and employee benefits	3,246,045	3,511,045	3,391,237	119,808
Services and supplies	520,433	325,433	243,601	81,832
Other charges	426,741	382,997	365,418	17,579
Expenditure transfer	21,706	21,706	5,815	15,891
Fixed assets	15,000	46,650	42,556	4,094
Total expenditures	4,229,925	4,287,831	4,048,627	239,204
Economic Development				
Salaries and employee benefits				
Services and supplies	462,360	601,360	333,909	267,451
Other charges	23,340	23,340	15,218	8,122
Expenditure transfer				
Fixed assets	25,000	8,142	(25,000)	33,142
Total expenditures	510,700	632,842	324,127	308,715

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Expenditures: General				
Purchasing Agent				
Salaries and employee benefits	520,085	520,085	483,035	37,050
Services and supplies	19,865	19,865	8,969	10,896
Other charges	29,897	29,897	22,150	7,747
Expenditure transfer	3,458	3,458	4,424	(966)
Fixed assets				
Total expenditures	573,305	573,305	518,578	54,727
C.A.R.E. Unit				
Salaries and employee benefits				
Services and supplies	698,239	691,239	41,326	649,913
Other charges	25,211	25,211	7,259	17,952
Expenditure transfer	5,725	12,725	13,543	(818)
Fixed assets				
Total expenditures	729,175	729,175	62,128	667,047
Risk Management				
Salaries and employee benefits	1,017,860	1,017,860	977,301	40,559
Services and supplies	56,840	56,840	21,916	34,924
Other charges	99,589	77,589	76,385	1,204
Expenditure transfer	4,800	4,800	710	4,090
Fixed assets				
Total expenditures	1,179,089	1,157,089	1,076,312	80,777
Special Projects				
Salaries and employee benefits				
Services and supplies	2,738,013	1,329,213	(287,927)	1,617,140
Other charges	83,720	23,720	1,471	22,249
Expenditure transfer				
Fixed assets	9,000	209,000	208,077	923
Total expenditures	2,830,733	1,561,933	(78,379)	1,640,312
Capital Improvement Financing Authority				
Salaries and employee benefits	52,000	261,308	261,308	
Services and supplies	265,669	56,361	50,209	6,152
Other charges				
Expenditure transfer				
Fixed assets				
Total expenditures	317,669	317,669	311,517	6,152
Plant Acquisition				
Salaries and employee benefits		42,560	42,560	
Services and supplies	1,168,655	981,531	191,312	790,219
Other charges	1,211,731	1,322,295	1,207,094	115,201
Expenditure transfer			20	(20)
Fixed assets	3,755,699	3,495,099	899,553	2,595,546
Total expenditures	6,136,085	5,841,485	2,340,539	3,500,946
Appropriations for Contingencies				
Salaries and employee benefits				
Services and supplies				
Other charges				
Expenditure transfer				
Appropriations for contingencies	2,199,000	2,028,976	50,000	1,978,976
Fixed assets				
Total expenditures	2,199,000	2,028,976	50,000	1,978,976

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Expenditures: General				
County Facilities				
Salaries and employee benefits				
Services and supplies	399,989	399,939	238,980	160,959
Other charges	50	100	96	4
Expenditure transfer				
Fixed assets	50,000	50,000		50,000
Total expenditures	450,039	450,039	239,076	210,963
Elections Division				
Salaries and employee benefits	607,174	615,338	518,997	96,341
Services and supplies	921,821	900,378	803,339	97,039
Other charges	56,996	61,996	48,140	13,856
Expenditure transfer	15,201	90,844	90,953	(109)
Fixed assets		64,000	64,000	
Total expenditures	1,601,192	1,732,556	1,525,429	207,127
County Counsel				
Salaries and employee benefits	1,456,470	1,488,783	1,460,578	28,205
Services and supplies	74,414	74,414	56,135	18,279
Other charges	50,529	50,529	44,835	5,694
Expenditure transfer	12,161	12,161	12,021	140
Fixed assets				
Total expenditures	1,593,574	1,625,887	1,573,569	52,318
Treasurer and Tax Collector				
Salaries and employee benefits	777,414	757,414	698,696	58,718
Services and supplies	74,367	94,367	83,496	10,871
Other charges	368,701	292,701	259,901	32,800
Expenditure transfer	84,315	84,315	62,921	21,394
Fixed assets				
Total expenditures	1,304,797	1,228,797	1,105,014	123,783
Collections				
Salaries and employee benefits	917,896	862,896	803,395	59,501
Services and supplies	102,627	120,487	118,340	2,147
Other charges	176,111	188,111	191,254	(3,143)
Expenditure transfer	(665,983)	(665,983)	(600,330)	(65,653)
Fixed assets				
Total expenditures	530,651	505,511	512,659	(7,148)
CEO Match - Other Agencies				
Salaries and employee benefits				
Services and supplies				
Other charges	1,168,602	1,518,602	1,256,524	262,078
Expenditure transfer				
Fixed assets				
Total expenditures	1,168,602	1,518,602	1,256,524	262,078
CEO HCD Grant				
Salaries and employee benefits				
Services and supplies	456,463	456,463	(1)	456,464
Other charges				
Expenditure transfer				
Fixed assets				
Total expenditures	456,463	456,463	(1)	456,464

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Expenditures: General				
Treasury				
Salaries and employee benefits	238,377	238,377	225,431	12,946
Services and supplies	215,975	210,975	188,764	22,211
Other charges	28,269	28,269	18,157	10,112
Expenditure transfer	57,604	62,604	59,660	2,944
Fixed assets				
Total expenditures	540,225	540,225	492,012	48,213
Facility Maintenance				
Salaries and employee benefits	3,002,009	3,063,498	2,981,826	81,672
Services and supplies	4,240,265	4,300,265	4,206,803	93,462
Other charges	225,858	279,369	275,418	3,951
Expenditure transfer	(1,851,404)	(1,851,404)	(1,618,715)	(232,689)
Fixed assets				
Total expenditures	5,616,728	5,791,728	5,845,332	(53,604)
CEO - Econ Development Bank				
Salaries and employee benefits				
Services and supplies	1,375,000	2,716,300	1,654,960	1,061,340
Other charges	125,000	250,000	20,000	230,000
Expenditure transfer				
Fixed assets				
Total expenditures	1,500,000	2,966,300	1,674,960	1,291,340
Expenditures: Public Protection				
Agricultural Commissioner				
Salaries and employee benefits	1,802,028	2,153,811	2,081,941	71,870
Services and supplies	201,104	370,195	242,810	127,385
Other charges	146,850	187,603	181,275	6,328
Expenditure transfer	172,845	172,845	159,563	13,282
Fixed assets		30,000	28,364	1,636
Total expenditures	2,322,827	2,914,454	2,693,953	220,501
Animal Services				
Salaries and employee benefits	1,692,207	1,584,912	1,543,695	41,217
Services and supplies	258,874	337,874	336,616	1,258
Other charges	184,311	189,311	184,425	4,886
Expenditure transfer	10,350	10,350	2,674	7,676
Fixed assets				
Total expenditures	2,145,742	2,122,447	2,067,410	55,037
Office of Emergency Services				
Salaries and employee benefits	362,292	342,625	231,234	111,391
Services and supplies	105,576	266,011	182,453	83,558
Other charges	740,566	628,131	654,984	(26,853)
Expenditure transfer				
Fixed assets	51,984	46,984	26,146	20,838
Total expenditures	1,260,418	1,283,751	1,094,817	188,934
County Court Funding				
Salaries and employee benefits				
Services and supplies	168,061	168,061	160,142	7,919
Other charges	5,676,115	5,824,115	5,824,119	(4)
Expenditure transfer	834,516	804,516	744,842	59,674
Fixed assets				
Total expenditures	6,678,692	6,796,692	6,729,103	67,589

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Expenditures: Public Protection				
Recorder Division				
Salaries and employee benefits	1,088,416	1,059,206	918,571	140,635
Services and supplies	149,105	93,462	77,091	16,371
Other charges	121,431	133,641	138,003	(4,362)
Expenditure transfer	20,816	96,459	100,299	(3,840)
Fixed assets	30,000	30,000	30,000	
Total expenditures	1,409,768	1,412,768	1,263,964	148,804
District Attorney				
Salaries and employee benefits	7,427,356	7,936,092	7,673,685	262,407
Services and supplies	264,670	348,641	271,063	77,578
Other charges	485,802	468,802	497,201	(28,399)
Expenditure transfer	55,237	55,237	57,096	(1,859)
Fixed assets				
Total expenditures	8,233,065	8,808,772	8,499,045	309,727
Planning				
Salaries and employee benefits	1,057,802	1,053,691	955,195	98,496
Services and supplies	618,807	767,183	155,075	612,108
Other charges	50,370	56,105	53,690	2,415
Expenditure transfer	14,448	14,448	9,629	4,819
Fixed assets				
Total expenditures	1,741,427	1,891,427	1,173,589	717,838
Probation				
Salaries and employee benefits	1,097,351	1,051,351	1,011,851	39,500
Services and supplies	1,051,548	1,045,548	606,926	438,622
Other charges	633,685	685,685	641,922	43,763
Expenditure transfer			570	(570)
Fixed assets	51,503	51,503	9,812	41,691
Total expenditures	2,834,087	2,834,087	2,271,081	563,006
Probation - Casework				
Salaries and employee benefits	5,702,980	5,816,824	5,524,368	292,456
Services and supplies	312,063	303,063	282,508	20,555
Other charges	276,791	276,791	269,400	7,391
Expenditure transfer	84,438	84,438	105,496	(21,058)
Fixed assets	61,296	41,296	(2,492)	43,788
Total expenditures	6,437,568	6,522,412	6,179,280	343,132
Probation - Institutions				
Salaries and employee benefits	4,633,071	4,716,071	4,503,800	212,271
Services and supplies	229,431	154,431	105,383	49,048
Other charges	128,869	164,869	164,667	202
Expenditure transfer	544,071	659,071	667,871	(8,800)
Fixed assets	134,648	31,648	(29,300)	60,948
Total expenditures	5,670,090	5,726,090	5,412,421	313,669
Public Defender				
Salaries and employee benefits	3,537,337	3,537,337	3,377,166	160,171
Services and supplies	422,466	422,466	325,417	97,049
Other charges	202,236	181,980	141,226	40,754
Expenditure transfer	62,222	62,222	188,645	(126,423)
Fixed assets	117	117		117
Total expenditures	4,224,378	4,204,122	4,032,454	171,668

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Expenditures: Public Protection				
Indigent Defense				
Salaries and employee benefits				
Services and supplies	1,477,860	1,777,860	1,739,684	38,176
Other charges	330	330		330
Expenditure transfer				
Fixed assets				
Total expenditures	1,478,190	1,778,190	1,739,684	38,506
Sheriff's Administration				
Salaries and employee benefits	1,532,111	1,500,283	1,394,789	105,494
Services and supplies	536,414	511,414	393,118	118,296
Other charges	274,390	254,390	260,064	(5,674)
Expenditure transfer	8,851	8,851	(400)	9,251
Fixed assets				
Total expenditures	2,351,766	2,274,938	2,047,571	227,367
Sheriff's Operations				
Salaries and employee benefits	21,627,742	22,600,358	21,382,120	1,218,238
Services and supplies	1,655,407	1,476,407	1,244,300	232,107
Other charges	3,822,851	3,822,851	3,685,155	137,696
Expenditure transfer	(296,833)	(296,833)	(351,519)	54,686
Fixed assets	38,000	38,000	455	37,545
Total expenditures	26,847,167	27,640,783	25,960,511	1,680,272
Sheriff's Detention				
Salaries and employee benefits	20,085,198	20,197,925	19,124,474	1,073,451
Services and supplies	3,210,923	3,210,178	2,983,288	226,890
Other charges	824,772	928,894	882,704	46,190
Expenditure transfer	26,890	86,890	134,502	(47,612)
Fixed assets	3,985	118,805	114,545	4,260
Total expenditures	24,151,768	24,542,692	23,239,513	1,303,179
Court Security				
Salaries and employee benefits	2,748,223	2,749,355	2,603,619	145,736
Services and supplies	10,487	10,487	3,813	6,674
Other charges	3,000	3,000	3,141	(141)
Expenditure transfer	83,352	71,352	67,238	4,114
Fixed assets				
Total expenditures	2,845,062	2,834,194	2,677,811	156,383
Grand Jury				
Salaries and employee benefits	50,142	50,142	47,999	2,143
Services and supplies	61,011	61,011	52,531	8,480
Other charges	5,767	5,767	5,801	(34)
Expenditure transfer			774	(774)
Fixed assets				
Total expenditures	116,920	116,920	107,105	9,815
Expenditures: Public Ways and Facilities				
Airport				
Salaries and employee benefits				
Services and supplies	159,208	159,208		159,208
Other charges				
Expenditure transfer				
Fixed assets				
Total expenditures	159,208	159,208	-	159,208

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Expenditures: Education				
Cooperative Extension				
Salaries and employee benefits	248,239	231,715	210,348	21,367
Services and supplies	34,665	34,665	23,092	11,573
Other charges	40,817	57,342	56,593	749
Expenditure transfer	47,998	47,998	44,249	3,749
Fixed assets				
Total expenditures	371,719	371,720	334,282	37,438
Expenditures: Health				
CEO Jail Medical				
Salaries and employee benefits				
Services and supplies	3,891,736	3,950,736	3,950,710	26
Other charges				
Expenditure transfer				
Fixed assets				
Total expenditures	3,891,736	3,950,736	3,950,710	26
Expenditures: Public Assistance				
Veteran's Services				
Salaries and employee benefits	244,691	249,539	248,712	827
Services and supplies	7,692	17,692	10,894	6,798
Other charges	29,912	40,912	40,080	832
Expenditure transfer	3,054	3,054	4,193	(1,139)
Fixed assets				
Total expenditures	285,349	311,197	303,879	7,318
Expenditures: Recreation				
Parks and Recreation				
Salaries and employee benefits	2,191,410	2,229,338	2,177,509	51,829
Services and supplies	927,752	1,012,752	958,809	53,943
Other charges	1,311,603	1,264,925	1,264,892	33
Expenditure transfer	372,528	442,528	393,463	49,065
Fixed assets	1,837,459	827,459	591,170	236,289
Total expenditures	6,640,752	5,777,002	5,385,843	391,159
Parks - Master Plan				
Salaries and employee benefits		17,880	17,880	
Services and supplies	103,510	790,293	421,635	368,658
Other charges		6,380		6,380
Expenditure transfer				
Fixed assets				
Total expenditures	103,510	814,553	439,515	375,038
Forced Cleanup				
Salaries and employee benefits				
Services and supplies	20,000			
Other charges				
Expenditure transfer				
Fixed assets				
Total expenditures	20,000	-	-	-
Tuolumne River Regional Park				
Salaries and employee benefits				
Services and supplies	226,026	226,026	226,026	
Other charges				
Expenditure transfer				
Fixed assets				
Total expenditures	226,026	226,026	226,026	-

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Expenditures: Debt Service				
Debt Service				
Salaries and employee benefits				
Services and supplies			500,000	(500,000)
Other charges				
Expenditure transfer	(393,563)	(393,563)	(393,559)	(4)
Fixed assets				
Total expenditures	(393,563)	(393,563)	106,441	(500,004)
Tax Revenue Anticipation Note				
Salaries and employee benefits				
Services and supplies		75,000	67,250	7,750
Other charges				
Expenditure transfer				
Fixed assets				
Total expenditures	-	75,000	67,250	7,750
Total Expenditures - General Fund	$ 154,148,072	$ 157,725,153	$ 139,033,981	$ 18,691,172
Excess of revenue over expenditures	20,578,853	19,643,407	51,216,275	31,572,868
Other financing sources (uses):				
Capital lease proceeds	51,026		51,026	
Transfers in	2,179,389	815,409	2,614,410	1,799,001
Transfers out	(40,331,574)	(46,956,585)	(50,942,182)	(3,985,597)
Sale of Fixed assets			1,989	1,989
Total other financing sources (uses)	(38,101,159)	(46,141,176)	(48,274,757)	(2,184,607)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(17,522,306)	(26,497,769)	2,941,518	29,439,287
Fund balances at beginning of year	(17,276,349)	(26,160,933)	56,513,179	78,358,596
Fund balances at end of year	$ (34,798,655)	$ (52,658,702)	$ 59,454,697	$ 107,797,883

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Revenues and Expenditures - Budget and Actual
Behavioral Health and Recovery - Special Revenue Fund
For the fiscal year ended June 30, 2003

	Budgeted Amount			Variance with Final Budget
	Original Budget	Final Budget	Actual Amount	Positive (Negative)
Revenues				
Fines, forfeitures, and penalties	$ 40,600	$ 55,636	$ 102,160	$ 46,524
Revenue from use of money and property	480,203	462,702	261,938	(200,764)
Intergovernmental revenue	24,566,672	33,762,832	33,898,156	135,324
Charges for services	19,891,711	20,232,332	21,008,983	776,651
Miscellaneous revenue	66,370	246,550	293,781	47,231
Total revenues	45,045,556	54,760,052	55,565,019	804,967
Expenditures				
Public Protection				
Salaries and employee benefits	877,893	845,893	712,869	133,024
Services and supplies	91,594	123,594	75,813	47,782
Other charges	116,756	116,756	123,991	(7,235)
Expenditure transfer	236,699	236,699	190,725	45,974
Total Public Protection	1,322,943	1,322,943	1,103,398	219,544
Health and Sanitation				
Salaries and employee benefits	27,301,504	26,374,085	24,821,345	1,552,740
Services and supplies	33,296,344	35,392,616	31,747,192	3,645,424
Other charges	4,669,540	4,438,891	4,468,259	(29,368)
Fixed assets	85,000	140,975	71,000	69,975
Expenditure transfer	(236,699)	(201,545)	(190,725)	(10,820)
Total Health and Sanitation	65,115,689	66,145,022	60,917,071	5,227,951
Total expenditures	66,438,632	67,467,965	62,020,469	5,447,495
Excess (deficiency) of revenues over (under) expenditures	(21,393,076)	(12,707,913)	(6,455,450)	6,252,462
Other financing sources (uses)				
Transfers in	17,283,372	7,262,247	8,258,289	996,042
Transfers out	(302,189)	(582,759)	(1,276,240)	(693,481)
Capital lease proceeds		16,975	16,975	
Total other financing sources (uses)	16,981,183	6,696,463	6,999,024	302,561
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ (4,411,893)	$ (6,011,450)	$ 543,574	$ 6,555,023

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Revenues and Expenditures - Budget and Actual
Community Services Agency - Special Revenue Fund
For the fiscal year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget
	Original Budget	Final Budget	Actual Amount	Positive (Negative)
Revenues				
Licenses, permits and franchises	$ 77,700	$ 77,700	$ 66,369	$ (11,331)
Revenue from use of money and property			1,622	1,622
Intergovernmental revenue	185,942,177	188,020,872	172,315,400	(15,705,472)
Charges for services	297,619	339,532	666,129	326,597
Miscellaneous revenue	1,538,551	1,563,551	976,325	(587,226)
Total revenues	187,856,047	190,001,655	174,025,844	(15,975,811)
Expenditures				
Public Assistance				
Salaries and employee benefits	48,844,366	47,065,917	42,653,952	4,411,965
Services and supplies	8,910,519	9,921,937	8,256,779	1,665,158
Other charges	140,286,580	143,099,169	131,913,351	11,185,818
Fixed assets	69,500	288,616	280,578	8,038
Total expenditures	198,110,965	200,375,639	183,104,660	17,270,979
Excess (deficiency) of revenues over (under) expenditures	(10,254,918)	(10,373,984)	(9,078,816)	1,295,169
Other financing sources (uses)				
Transfers in	7,448,247	7,787,489	8,438,800	651,311
Transfers out	(224,914)	(601,641)	(1,838,002)	(1,236,361)
Capital lease proceeds		170,116	170,116	
Total other financing sources (uses)	7,223,333	7,355,964	6,770,915	(585,050)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ (3,031,585)	$ (3,018,020)	$ (2,307,901)	$ 710,119

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Net Assets
Proprietary Funds
June 30, 2003

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Sanitary Landfill	Geer Road Sanitary Landfill	Health Clinic & Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
ASSETS:						
Current Assets:						
Pooled cash and investments	$ 5,613,465	$ 215,835	$	$ 2,775,318	$ 8,604,618	$ 18,872,639
Accounts receivable, net	702,860		7,466,441	3,602,920	11,772,221	429,150
Interest and other receivables	71,401	27,341		12,864	111,606	74,713
Inventory of supplies at cost			393,090	34,260	427,350	376,658
Deposit with others						663,730
Due from other funds			533,461	304,314	837,775	
Prepaid items			152,650		152,650	
Total current assets	6,387,726	243,176	8,545,642	6,729,676	21,906,220	20,416,890
Noncurrent assets:						
Restricted cash and investments	11,341,333	6,752,697	200,338		18,294,368	
Capital assets						
Land	14,491,341				14,491,341	
Building and improvements	54,587		12,000,171	7,417,746	19,472,504	990,773
Equipment	643,578	14,239	11,606,736	733,760	12,998,313	21,787,912
Less Accumulated depreciation	(649,985)	(3,026)	(19,472,946)	(2,075,165)	(22,201,122)	(17,602,630)
Total noncurrent assets	25,880,854	6,763,910	4,334,299	6,076,341	43,055,404	5,176,055
Total assets	$ 32,268,580	$ 7,007,086	$ 12,879,941	$ 12,806,017	$ 64,961,624	$ 25,592,945
LIABILITIES:						
Current liabilities:						
Accounts payable	$ 186,650	$ 65,453	$ 2,342,526	$ 600,671	$ 3,195,300	$ 1,490,478
Salaries and benefits payable	32,092		820,340	416,409	1,268,841	211,207
Interfund payable			20,489,032	1,746,464	22,235,496	2,522,522
Deposits from others	28,617				28,617	
Current portion of long-term obligation			134,464		134,464	
Current portion of capital lease			383,214	5,499	388,713	121,896
Compensated absences - current	2,773		65,899	12,249	80,921	626,392
Total current liabilities	250,132	65,453	24,235,475	2,781,292	27,332,352	4,972,495
Noncurrent liabilities						
Estimated cost of closure/postclosure	5,792,534	11,597,935			17,390,469	
Liability for compensated absences	127,678		1,150,639	426,871	1,705,188	
Advances from other funds			7,390,482		7,390,482	
Self insurance liability						21,277,469
Long term obligation			1,320,192		1,320,192	
Capital lease payable			635,636	5,911	641,547	167,545
Total noncurrent liabilities	5,920,212	11,597,935	10,496,949	432,782	28,447,878	21,445,014
Total liabilities	6,170,344	11,663,388	34,732,424	3,214,074	55,780,230	26,417,509
NET ASSETS:						
Invested in capital assets, net of related debt	14,539,521	11,213	1,660,455	6,064,931	22,276,120	4,886,614
Restricted	11,341,333	6,752,697	200,338	2,735,938	21,030,306	
Unrestricted	217,382	(11,420,212)	(23,713,276)	791,074	(34,125,032)	(5,711,178)
Total net assets	$ 26,098,236	$ (4,656,302)	$ (21,852,483)	$ 9,591,943	$ 9,181,394	$ (824,564)
Adjustment to reflect the consolidation of internal service fund activites related to enterprise funds					1,992,437	
Net assets of business type activites					11,173,831	

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended June 30, 2003

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Sanitary Landfill	Geer Road Sanitary Landfill	Health Clinic & Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues						
Charges for services	$ 4,793,868	$	$ 36,320,341	$ 16,179,759	$ 57,293,968	$ 50,941,210
Miscellaneous Revenue			1,256,642		1,256,642	
Total operating revenues	4,793,868		37,576,983	16,179,759	58,550,610	50,941,210
Operating expenses:						
Salaries and benefits	938,477		18,890,423	9,960,398	29,789,298	5,893,885
Services and supplies	5,303,216	692,272	16,748,564	7,078,261	29,822,313	47,284,957
Depreciation	43,486	712	771,700	268,492	1,084,390	1,334,083
Estimated cost of closure/postclosure	680,936				680,936	
Total operating expenses	6,966,115	692,984	36,410,687	17,307,151	61,376,937	54,512,925
Operating income (loss)	(2,172,247)	(692,984)	1,166,296	(1,127,392)	(2,826,327)	(3,571,715)
Nonoperating revenues (expenses)						
Investment earnings	2,180,896	186,239		133,665	2,500,800	486,492
Interest expense			(674,300)	(13,018)	(687,318)	(27,452)
Loss on sale of fixed assets						84,913
Operating grants			280,187	2,126,228	2,406,415	
Total nonoperating revenues (expenses)	2,180,896	186,239	(394,113)	2,246,875	4,219,897	543,953
Income (loss) before contributions and transfers	8,649	(506,745)	772,183	1,119,483	1,393,570	(3,027,762)
Transfers in	625,000	450,000	1,295,321	349,270	2,719,591	179,444
Transfers out	(1,100,078)		(5,783,617)	(1,177,863)	(8,061,558)	(832,934)
Capital contributions						97,277
Changes in net assets	(466,429)	(56,745)	(3,716,113)	290,890	(3,948,397)	(3,583,975)
Total net assets - beginning	26,564,665	(4,599,557)	(18,136,370)	9,301,053		2,759,411
Total net assets - ending	$ 26,098,236	$ (4,656,302)	$ (21,852,483)	$ 9,591,943		$ (824,564)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(165,749)	
Change in net assets of business type activities					(4,114,146)	

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Landfill	Geer Road Landfill	Health Clinic & Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers and users	$ 5,178,571	$ 12,017	$ 39,450,989	$ 16,030,567	$ 60,672,144	$ 51,431,202
Cash received from interfund services			503,955	(304,314)	199,641	467,242
Cash paid to suppliers	(5,198,068)	(656,721)	(16,539,547)	(7,160,139)	(29,554,475)	(44,082,503)
Cash paid for interfund services			997,582	60,212	1,057,794	(197,000)
Cash paid to employees	(916,682)		(18,705,607)	(9,749,920)	(29,372,209)	(5,909,027)
Net cash provided (used) by operating activities	(936,179)	(644,704)	5,707,372	(1,123,594)	3,002,895	1,709,914
Cash flows from noncapital financing activities						
Transfers in	625,000	450,000	1,295,321	349,270	2,719,591	179,444
Subsidy from state & federal grant			280,187	2,126,228	2,406,415	
Transfers out	(1,100,078)		(5,783,617)	(1,177,863)	(8,061,558)	(832,934)
Net cash provided (used) by noncapital financing activities	(475,078)	450,000	(4,208,109)	1,297,635	(2,935,552)	(653,490)
Cash flows from capital and related financing activities						
Capital contributions						3,951
Sale of fixed assets						84,913
Purchase of fixed assets	4,490		(436,296)	(18,581)	(450,387)	(985,980)
Principal payment - capital leases			(336,342)	(5,115)	(341,457)	(156,147)
Principal payment - long term debt			(126,824)		(126,824)	
Interest paid			(674,300)	(13,018)	(687,318)	(27,452)
Net cash provided (used) by capital and related financing activities	4,490		(1,573,762)	(36,714)	(1,605,986)	(1,080,715)
Cash flows from investing activities						
Interest received	2,180,896	186,239		133,665	2,500,800	486,492
Net cash provided by investing activities	2,180,896	186,239		133,665	2,500,800	486,492
Net increase (decrease) in cash and cash equivalents	774,129	(8,465)	(74,499)	270,992	962,157	462,201
Cash and equivalents, July 1, 2002	16,180,669	6,976,997	274,837	2,504,326	25,936,829	18,410,438
Cash and equivalents, June 30, 2003	$ 16,954,798	$ 6,968,532	$ 200,338	$ 2,775,318	$ 26,898,986	$ 18,872,639
Reconciliation of cash and cash equivalents to the Statement of Net Assets						
Pooled cash and investments per Statement of Net Assets	$ 5,613,465	$ 215,835		$ 2,775,318	$ 8,604,618	$ 18,872,639
Restricted cash and investments per Statement of Net Assets	11,341,333	6,752,697	200,338		18,294,368	
Total cash and cash equivalents per Statement of Net Assets	$ 16,954,798	$ 6,968,532	$ 200,338	$ 2,775,318	$ 26,898,986	$ 18,872,639

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Cash Flows (Continued)
Reconciliation of Operating Income to Net Cash Provided by Operating Activities
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Landfill	Geer Road Landfill	Health Clinic & Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
Operating income (loss)	$ (2,172,247)	$ (692,984)	$ 1,166,296	$ (1,127,392)	(2,826,327)	$ (3,571,715)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	43,486	712	771,700	268,492	1,084,390	1,334,083
(Increase) decrease in accounts receivable	356,109		1,874,006	(1,308,330)	921,785	458,403
Decrease in interest and other receivables	28,594	12,017		1,159,138	1,199,749	31,589
(Increase) decrease in inventory			80,184	3,714	83,898	(21,177)
Decrease in prepaids			53,901		53,901	
(Increase) decrease in due from other funds			503,955	(304,314)	199,641	17,628
Increase (decrease) in accounts payable and accrued liabilities	103,148	35,551	74,932	(85,592)	128,039	104,205
Increase in interfund payable			997,582	1,746,464	2,744,046	252,614
Increase in salaries and benefits payable	6,409		104,444	76,110	186,963	3,226
Increase (decrease) in liability for compensated absences	15,386		80,372	134,368	230,126	(18,368)
(Decrease) in due to other funds/goverments				(1,686,252)	(1,686,252)	
Increase in deposits from others	2,000				2,000	
Increase in estimated cost of closure/postclosure	680,936				680,936	
Increase in self insurance liability						3,119,426
Net cash provided (used) by operating activities	$ (936,179)	$ (644,704)	$ 5,707,372	$ (1,123,594)	$ 3,002,895	$ 1,709,914

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Fiduciary Net Assets
Fiduciary Funds
June, 30.2003

	Employees' Retirement Trust	Investment Trust	Agency Funds	Woodward Intake Project Private-Purpose Trust Fund	Total
ASSETS					
Pooled cash and investments	$ 4,989,901	$ 367,760,309	$ 66,471,396	$ 1,000,000	$ 440,221,606
Accounts receivable (net of allowance for uncollectables)		676,354	3,390,158		4,066,512
Cash with fiscal agent	28,045,566				28,045,566
Interest and other receivable	6,951,550	1,693,582	236,221		8,881,353
Advances to other funds			812,018		812,018
Property, plant and equipment net of accumulated depreciation			728,002		728,002
Other investments	927,730,039				927,730,039
Total assets	967,717,056	370,130,245	71,637,795	1,000,000	1,410,485,096
LIABILITIES					
Accounts payable	8,738,684	1,226,802	6,683,133		16,648,619
Salaries and benefits payable		8,965	25,079		34,044
Trust obligations			64,117,565		64,117,565
Agency funds for other government unit		1,114,707			1,114,707
Advances from other funds			812,018		812,018
Total liabilites	8,738,684	2,350,474	71,637,795		82,726,953
NET ASSETS					
Net assets held in trust for investment pool participants/pension benefits	$ 958,978,372	$ 367,779,771	$	$ 1,000,000	$ 1,327,758,143

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June, 30.2003

	Employees' Retirement Trust	Investment Trust	Woodward Intake Project Private-Purpose Trust Fund	Total
Additions:				
Contributions:				
Employer contributions	$ 16,207,877	$	$	$ 16,207,877
Member contributions	18,520,605			18,520,605
Contributions on pooled investments		2,520,254,528		2,520,254,528
Total contributions	34,728,482	2,520,254,528		2,554,983,010
Investment income:				
Net appreciation in fair value	16,953,722			16,953,722
Interest	23,326,484	9,320,820		32,647,304
Dividends	6,335,126			6,335,126
Miscellaneous income	709,360		1,000,000	1,709,360
Less investment expense	(2,623,591)			(2,623,591)
Net investment income	44,701,101	9,320,820	1,000,000	55,021,921
Total additions	79,429,583	2,529,575,348	1,000,000	2,610,004,931
Deductions:				
Benefit payments	43,435,482			43,435,482
Refunds of prior contributions	1,561,286			1,561,286
Distributions from pooled investments		2,489,384,763		2,489,384,763
Administrative expense	1,147,117			1,147,117
Total deductions	46,143,885	2,489,384,763		2,535,528,648
Change in net assets	33,285,698	40,190,585	1,000,000	74,476,283
Net assets held in trust - beginning	925,692,674	327,589,186		1,253,281,860
Net assets held in trust - ending	$ 958,978,372	$ 367,779,771	$ 1,000,000	$ 1,327,758,143

The accompanying notes to the financial statements are an integral part of this statement.

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of the County of Stanislaus (the County) is presented to assist in understanding the County's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, legally separate entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 39.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements. Each component unit has a June 30th year end.

Blended Component Units

1. Redevelopment Agency of the County of Stanislaus ("Agency"): The Agency was established by the County as a separate legal entity in accordance with state law. It is governed by the five members of the County Board of Supervisors. The purpose of the Agency is to acquire, rehabilitate, and revitalize property within legally designated redevelopment areas. The Agency provides service solely to the County and is reported as a capital project fund.

2. Stanislaus County Capital Improvements Financing Authority ("Authority"): The Authority was established on September 1, 1989, as a separate legal entity whose sole purpose is to provide financing for various County capital projects. It is governed by the five members of the County Board of Supervisors. The activity for the Authority is reflected in the debt service funds.

3. Lighting Districts: The County has 30 different, legally separate lighting districts whose boards are the same as the County Board of Supervisors. The County's approval is needed to set the districts' budget and to set assessment rates. The activity for the lighting districts is reported in the special revenue funds.

Note 1: **Summary of Significant Accounting Policies** (continued)

A. **Reporting Entity** (continued)

Discretely Presented Component Unit

Consolidated Emergency Dispatch Agency

The Modesto/Stanislaus Consolidated Emergency Dispatch Agency (the "Agency") was created on September 1, 1999, pursuant to a joint exercise of powers agreement between the City of Modesto (the "City") and the County of Stanislaus (the "County"). The Agency is administered by a seven-member commission consisting of one member of the Modesto City Council, one member of the County's Board of Supervisors, the County Chief Executive Officer, the Modesto City Manager, two members from the Dispatch Advisory Board, and one member from the City of Ceres' City Council. The purpose of the Agency is to consolidate the public safety communications system. The responsibilities of the County and the City include approval: of the annual budget, claims, liabilities, and the use of Agency property as collateral. Each participant will contribute sufficient funds to pay for all costs and expenses associated with providing Emergency Dispatch Services. Upon termination of the agreement, assets will be distributed equally to the City and County, unless otherwise approved. The financial statements may be obtained by writing to the Modesto/Stanislaus Consolidated Emergency Dispatch, Office Manager, 3705 Oakdale Road, Modesto, California, 95357.

B. **Implementation of Governmental Accounting Standards Board Statements**

GASB Statement No. 39

The County has elected to early implement Government Accounting Standards Board (GASB) Statements No. 39, *Determining Whether Certain Organizations are Component Units: an amendment of GASB statement No. 14.*

C. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. The government-wide statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

In the Government-wide statements, eliminations have been made to minimize the double counting of certain internal activities. In the statement of net assets, all

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Presentation** (continued)

Government-Wide Financial Statements (continued)

In the Government-wide statements, eliminations have been made to minimize the double counting of certain internal activities. In the statement of net assets, all internal balances have been eliminated except those representing the net balance due between governmental and business type activities. This residual balance is reported as "internal balances." In the statement of activities, direct expenses such as services provided and used are not eliminated, but Internal Service Fund activity has been eliminated.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category–*governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, health and sanitation, public assistance, education and recreation services.

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

- The *Community Services Agency Fund* was established for the administration of the three major public social program areas including financial assistance, social services, and employment services. Intergovernmental revenue is the primary source of financing for this fund.

- *Public Facility Fees* were established by the Board of Supervisors adoption of Resolution No. 89-1724 for the purpose of reducing the impact of a growing community on existing County resources. The fees are charged to new development based on the need for facilities to maintain the existing level of service. The fee benefits the following departments and programs: roads, detention, criminal justice, library, parks, public and mental health, emergency services, animal services and sheriff.

- The *Tobacco Settlement Fund* was established to account for the proceeds from securitizing the County's share of tobacco settlement revenues. Currently the proceeds are restricted to use for capital expenditures. The intent is to preserve the initial amount and to distribute 80% of the annual investment earnings to the General Fund.

The County reports the following major enterprise funds:

- The *Fink Road Sanitary Landfill Fund* was established to account for the operation of Fink Road Sanitary Landfill, which provides a dumping site for the disposal of solid wastes. Revenues are derived from fees generated for the disposal of waste at the site.

- The *Geer Road Sanitary Landfill Fund* was established to account for the operation of Geer Road Sanitary Landfill, which provided a dumping site for the disposal of solid waste. The landfill is owned jointly with the City of Modesto.

- The *Health Clinics and Ancillary Services Fund* was established to account for health care operations in outpatient clinics throughout the County. Revenues are derived from fees for patient services, payments from federal and state programs such as Medicare and Medi-Cal, private insurance, and subsidies from the County.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance, communication, technology, and other services provided to other departments or other governments, and self-insurance programs – worker's compensation, long-

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

term disability, employee benefits, and personal injury and property damage on a cost-reimbursement basis.

- The *Pension Trust Fund* accumulates contributions from the County, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses. This fund includes all assets of the StanCERA.

- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

- The *Woodward Intake Project Private-Purpose Trust Fund* accounts for the County's share of an agreement with South San Joaquin Irrigation district for the construction of an intake pipe at the reservoir so it may continue to be used as a county park.

- The *Agency Funds* account for assets held by the County as an agent for various local governments.

D. **Basis of Accounting**

The government-wide, proprietary, pension and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Note 1: **Summary of Significant Accounting Policies** (continued)

D. **Basis of Accounting** (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available ("susceptible to accrual"). The County considers revenues available if they are collected within 180 days after year-end, except for property taxes. Property taxes are considered available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,* to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

E. **Non-Current Governmental Assets/Liabilities**

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net assets.

F. **Budgetary Basis of Accounting**

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for the General Fund and all Special Revenue Funds except the Tobacco Settlement Fund. An operating

Note 1: **Summary of Significant Accounting Policies** (continued)

F. **Budgetary Basis of Accounting** (continued)

balanced budget is adopted for the capital project funds for the life of the project, except for the Redevelopment Agency, which adopts an operating budget each fiscal year. Expenditures are controlled at the object level within budget units for the County. A budget unit may be (1) a single department, (2) a division of a large department having multiple divisions, or (3) an entire fund. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any transfers of appropriations between object levels within the same budget unit may be authorized by the County Executive Office. Budget amendments or supplementary appropriations normally financed by unanticipated revenues during the year or transfers of appropriations between budget units must be approved by the Board of Supervisors. Budgeted amounts in the budgetary financial statements are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The budgets for the governmental funds may include an object level known as "expenditure transfers". This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund (an example would be the General Fund).

The amounts reported in the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP). Annual budgets are prepared on the modified accrual basis of accounting except that current year encumbrances are budgeted as expenditures.

The following schedule reconciles the amounts on the Statements of Revenues and Expenditures – Budget to Actual to the amounts on the Statement of Revenue, Expenditures and Changes in Fund Balances:

		Special Revenue Funds	
	General Fund	Behavioral Health	Community Services Agency
Total expenditures (budgetary basis)	$ 139,033,981	$ 62,020,469	$ 183,104,660
Basis difference - net deduction of 2001/02 encumbrance plus 2002/03 encumbrances	(1,164,010)	1,428,053	5,002
Total Expenditures (GAAP)	$ 137,869,971	$ 63,448,522	$ 183,109,662

Note 1: **Summary of Significant Accounting Policies** (continued)

G. **Cash and Cash Equivalents**

Cash and cash equivalents include cash in bank and investments held by the County Treasurer in a cash management pool. The amounts classified as "Cash with Fiscal Agent" represent loan proceeds held by the trustees for various borrowings (See Note 12). "Cash with Fiscal Agent" is considered cash and cash equivalents for the purposes of reporting cash flows.

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

H. **Investments**

California Government Code Section 53600, et seq., authorizes the County to invest in obligations of the State or any local agency of the State of California, bankers' acceptances, commercial paper, negotiable certificates of deposits, repurchase agreements or reverse repurchase agreements, medium-term notes issued by corporations, State of California Local Agency Investment Fund, and open-ended mutual funds. All investments are carried at fair value until they are within 90 days of maturity at which time they are reported at amortized cost. Interest earned on pooled investments is apportioned quarterly to certain participating funds based upon each fund's average daily deposit balance with all remaining interest deposited in the General Fund.

The Pension Trust (Stanislaus County Employees' Retirement Association) funds are invested pursuant to policy guidelines established by the Retirement System's Board. The objective of the investment policy is to invest in a manner that provides the safeguards and diversity that a prudent investor would adhere to. The policy of Stanislaus County Employee's Retirement Association is to invest in the following asset classes: Large Cap US Stocks, Small Cap US Stocks, Non US Stocks and Fixed Income.

I. **Deferred Revenue**

The County reports deferred revenue on its financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the County receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability of deferred revenue is removed from the financial statements and revenue is recognized.

Note 1: **Summary of Significant Accounting Policies** (continued)

J. **Other Assets**

Inventory: In governmental funds, inventories are valued at cost. In proprietary funds, they are valued at lower of cost or market. Cost is determined by using either the weighted average or the first-in, first-out method. The consumption method of accounting for inventory is used for the governmental fund types and the proprietary fund types. For the governmental fund types, the reserve for inventory indicates that a portion of the fund balance is not an available financial resource (see Note 14).

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

K. **Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements, and the proprietary funds.

The estimated useful lives are as follows:

Infrastructure (except for the maintained pavement subsystem)	20 to 60 years
Structures and improvements	15 to 60 years
Equipment	3 to 20 years

The County has seven networks of infrastructure assets – roads, bridges, lighting districts, storm drains, signs, signals and beacons.

Landfills, in the Enterprise Funds, are amortized over the estimated number of years that space will be available.

Note 1: **Summary of Significant Accounting Policies** (continued)

L. **Compensated Absences (Accrued Vacation, Sick Leave, and Compensatory Time)**

All regular employees of the County earn vacation and sick leave with pay every year. The amount of vacation and sick hours earned is based on the years of continuous service and the bargaining unit to which the employee belongs. All employee bargaining units have vacation accumulation limits. Also, regular employees are given credit for 8 hours sick leave each month of employment with limited accumulation.

After at least six months of County service, most regular employees upon separation are entitled to all unused vacation time accumulation. Most regular employees are entitled to a portion of accumulated sick leave after six years of service, depending on age, years of service, and bargaining unit.

At the close of each fiscal year, the balance of this accumulated time at the last pay period is computed for each employee at the current salary range. In the financial statements, these amounts are referred to as "Compensated Absences." An average of all termination payments since July 1986 is used to compute the amount that is expected to be liquidated in the next year with expendable available financial resources. This current portion and the balance of the long-term liability are reported in the government-wide financial statements and are generally liquidated by the general fund.

M. **Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "interfund receivable/payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services or supplies provided can result, at year-end, in receivables and payables referred to as "due to/from other funds". These receivables and payables are eliminated in the governmental-wide consolidation with residual balances reported as "internal balances" when they are between funds of the County.

Note 1: **Summary of Significant Accounting Policies** (continued)

M. **Interfund Transactions** (continued)

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation

N. **Estimates**

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: **Restatement of Net Assets**

The beginning net assets of the Governmental Activities on the Government-wide Statement of Activities has been restated to reflect phasing in the rest of the County's infrastructure not included in the June 30, 2002 Comprehensive Annual Financial Report.

The beginning net assets of the Business-type Activities has been restated to reflect a fund change. The Waste to Energy fund reported as a major fund last year has been determined this year to be an Agency fund instead of a County enterprise fund. All the proprietary fund statements have been changed to reflect the removal of this fund.

Restatement of Equity

	Governmental Activities	Business-type Activities
Net assets June 30, 2002, as previously reported	$ 627,280,066	$ 51,214,122
Infrastructure phase-in for storm drains and signs	16,580,643	
Removal of Waste to Energy Fund		(35,926,145)
Net assets July 1, 2002 as restated	$ 643,860,709	$ 15,287,977

Note 3: **Individual Fund Deficits**

Deficit Fund Balances – Government Fund Type

Special Revenue Fund - Job Training Partnership Act	$ 106,761

The Job Training Partnership Act deficit is due to a timing difference between expenditures and State reimbursement.

Note 3: **Individual Fund Deficits** (continued)

Accumulated Deficits – Proprietary Funds

Enterprise fund - Geer Road Landfill	$	4,656,302
Enterprise fund -Health Clinics/Ancillary fund		21,852,483
Internal Service fund - Workers' Compensation Insurance		9,681,038
Internal Service fund - Dental Insurance		241,696
Internal Service fund - Technology and Communication		2,221,640

The deficit in the Geer Road Landfill is due to the liability for closure/post closure maintenance. This accumulated deficit will be funded with receipts from Fink Road Landfill. The Health Clinics and Ancillary Services Fund deficit is due to the closure of the County hospital inpatient facilities in November 1997. The plan to recover this deficit focuses on transfers from other funds, one-time revenue sources, increased fees for service and dedicated revenue streams.

The Internal Service Fund deficits are due to unexpected expenses in combination with user rates that were too low. These deficits will be funded by increased user charges.

Note 4: **Excess of Actual Expenditures Over Budget in Individual Budget Units**

The following budgetary units had an excess of actual expenditures over budget for the year ended June 30, 2003:

	Excess Expenditures	
General Fund:		
Collections	$	7,148
Facility Maintenance		53,604
Debt Service		500,004
Special Revenue:		
Household Hazardous Waste	$	20,821
Vehicle Registration		2,331
Source Reduction and Recycling		166,059
Workers' Compensation Fraud		5,932
Rural Crime Task Force		5,745
County Fire Service		24,834

The above disclosure is based on departmental appropriations as of June 30, 2003. If a department received unanticipated revenue during the fiscal year and did not increase estimated revenue and appropriations, then the positive effect on the departmental budget would not be reflected in the above.

Note 5: **Cash and Investments**

The County maintains a cash and investment pool for the purpose of increasing interest income through pooled investment activities. This pool, which is available for use by all funds, is displayed on the combined balance sheet as "Pooled Cash and Investments." The

Note 5: **Cash and Investments** (continued)

Pension Trust Fund participates in the pool, but the majority of its cash and investments are not included in the County's pooled cash and investments.

Cash and investments with the County Treasurer are invested pursuant to investment policy guidelines established by the County Treasurer and accepted by the Board of Supervisors. The objectives of the policy are, in order of priority, legality of investment, safety of principal, liquidity and yield.

Total County cash and investments are as follows:

Cash:		
Imprest cash	$	227,847
Cash on hand		17,933
Bank deposits:		
in Treasurer's pool		30,672,477
with others external to the pool		6,823,707
Investments in Treasurer's pool		631,617,869
Less: outstanding checks		(62,281,485)
Subtotal		607,078,348
Restricted cash and investments with fiscal agent		14,247,426
Total Cash and Investments	$	621,325,774

Total County cash and investments are reported as follows:		
Primary government	$	180,648,929
Component unit		455,239
Pension trust		4,989,901
Investment trust fund		367,760,309
Private-purpose trust fund		1,000,000
Agency funds		66,471,396
Total Cash and Investments	$	621,325,774

Deposits

Deposits are placed with various financial institutions and are carried at cost. The difference between carrying amount of the County's deposits and the bank balance is a result of transactions in transit.

The County's deposits are categorized to give an indication of the level of custodial risk assumed by the County at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the County or by its agents in the County's name. Category 2 includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. Collateralized deposits represent amounts covered by collateral held by the pledging financial institutions; under California laws, depository banks maintain a collateral pool for all public funds deposited. Category 3 includes deposits that are uncollateralized. This category includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the County's name.

Note 5: **Cash and Investments** (continued)

At June 30, 2003, deposits included the following:

	Category 1	Category 2	Category 3	Bank Balance	Carrying Amount
Deposits with financial institutions-pool	$ 100,000	$ --	$30,572,477	$ 24,206,191	$ 30,672,477
Deposits with financial institutions-other	1,028,851	--	5,794,856	6,823,707	6,823,707
	$ 1,128,851	$ --	$36,367,333	$ 31,029,898	$ 37,496,184
Cash on hand					17,933
Imprest cash					227,847
Total deposits and cash on hand					$ 37,741,964

Under the California Government Code, a financial institution is required to secure deposits in excess of $100,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of these deposits. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the County's name.

Investments

The County's investments are categorized to give an indication of the level of custodial risk assumed by the County at year end. Category 1 includes investments that are insured or registered, or securities held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by the counterparty's safekeeping department or agent, but not in the County's name. The County did not have any category 2 or 3 investments at June 30, 2003.

At June 30, 2003, investments included the following:

	Maturity Dates	Stated Interest Rates	Category 1	Fair Value & Carrying Amount	Par Value
Pooled Investments in County Treasury:					
Bankers Acceptances	9/8/03	1.15 %	$ 4,990,150	$ 4,990,150	$ 5,000,000
US Treasury Notes	7/10/03-8/15/03	1.14-5.75	138,146,250	138,146,250	137,000,000
Federal Agencies	8/15/03-5/21/03	.93-7.25	138,825,832	138,825,832	136,225,000
Repurchase Agreements	7/2/03	1.1	81,885,175	81,885,175	81,885,175
Commercial Paper	7/7/03-7/30/03	1.02-1.24	59,971,399	59,971,399	60,000,000
Negotiable Certificates of Deposit	7/10/03-8/6/03	1.15-1.79	29,942,200	29,942,200	30,000,000
Medium-Term Notes	7/21/03-2/15/06	2.99-6.63	59,411,059	59,411,059	57,220,000
			513,172,065	513,172,065	507,330,175
Pension Trust:					
Pension Common Stocks			610,069,808	610,069,808	556,686,292
Pension Bonds			317,660,231	317,660,231	294,893,576
Category Totals			$1,440,902,104		
Pooled Investments Not Subject to Categorization					
Local Certificates of Deposit				$ 28,300,000	$ 28,300,000
Local Agency Investment Fund				30,000,000	30,000,000
Managed Money Market Pools				60,145,804	60,145,804
Total Investments				$ 1,559,347,908	$ 1,477,355,847

Note 5: **Cash and Investments** (continued)

Investments (continued)

In accordance with GASB No. 31, investments are reported at their fair value and all changes in fair value are reflected in income of the period in which they occur.

Except for repurchase agreements, the County did not invest in any types of investments during this fiscal year, other than those owned as of June 30, 2003.

Fair values were obtained from our custodial statement for all investments having greater than 90 days to maturity in the following categories:

Bankers Acceptances
U.S. Agency and GSE Bonds and Notes
U.S. Treasury Bonds, Notes and Bills
Corporate Bonds and Notes

Amortized cost was used for all investment having 90 days or less to maturity, which may include the following categories:

Commercial Paper
Bankers Acceptances
State of California Local Agency Investment Fund
U.S. Agency and GSE Bonds and Notes
U.S. Treasury Bonds, Notes and Bills
Repurchase Agreements
Corporate Bonds and Notes

Book cost was used for collateralized Certificates of Deposit purchased from state and nationally chartered banks.

The Stanislaus County Treasurer's Pool is not SEC-registered, but is invested in accordance with California State Government Code, and the Stanislaus County Treasurer's Investment Policy. California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Oversight Committee reviews the monthly investment report prior to presentation to the Board of Supervisors and causes an audit of investments to occur annually.

The Stanislaus County Treasurer's Pool maintains some investment in the State of California Local Agency Investment Fund (L.A.I.F.). This fund is not SEC-registered, but is required to invest according to California State Code. The total amount invested by all public agencies in LAIF is $5.7 billion. Of this amount, 98% was invested in nonderivative instruments with 2% invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in

Note 5: **Cash and Investments** (continued)

Investments (continued)

LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the pooled treasury's portion in the pool.

In addition, funds were invested in three separate money market funds.

In accordance with GASB 31, investments are marked to fair values annually and an adjustment is made to each fund accordingly. However, actual daily activity is done on a dollar to dollar basis and only a withdrawal from the pool of a size that jeopardizes pool participants would cause the withdrawal to be done at market value.

Withdrawals from L.A.I.F. are done on a dollar to dollar basis.

The County has no legally binding guarantees to support the shares in the County Treasurer's Pool.

The Stanislaus County Treasurer's Pool generally limits participation in the pool to those agencies and districts required to participate by legal provisions of the California State Code. Voluntary participation is limited to the Stanislaus County Employees Retirement System and Independent Special Districts, which represent approximately 3% of the pool.

L.A.I.F. is an outside pool utilized by the Stanislaus County Treasurer's Investment Pool. While fair value for the pool shares were made available by L.A.I.F., GASB 31 requires that short-term investments be carried at amortized cost. Therefore, this information was not applicable.

In accordance with Government Code Section 53647, interest on all money deposited in the County Treasury belongs to the County unless otherwise directed by law or the County Board of Supervisors. The County has numerous funds in which the interest earned is deposited into the General fund to comply with the above code section.

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool at June 30, 2003:

Statement of Net Assets

Net assets held for pool participants	$ 607,078,348
Equity of external pool participants	$ 440,676,845
Equity of internal pool participants	166,401,503
Total Equity	$ 607,078,348

Statement of Changes in Net Assets

Net assets at July 1, 2002	$ 576,900,515
Net investment income	16,429,507
Net contributions and withdrawals	13,748,326
Net Assets at June 30, 2003	$ 607,078,348

Note 6: **Interfund Transactions**

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2003 are as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
Behavioral Health and Recovery	General Fund	$ 147,624
Community Services Agency	General Fund	24,996
Other Governmental Funds	General Fund	189,172
Health Clinics and Ancillary Services	General Fund	7,882
Other Governmental Funds	Other Governmental Funds	10,895
Behavioral Health and Recovery	Other Governmental Funds	192,481
Health Clinics and Ancillary Services	Other Governmental Funds	525,580
Other Enterprise Funds	Behavioral Health and Recovery	304,314
Totals		$ 1,402,944

The General Fund owes the other funds for State realignment. The Other Government Funds owe Health Clinics and Ancillary Services and the other funds for services provided. Behavioral Health and Recovery fund owes the Other Enterprise Funds for services provided.

Advances To/From

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 501,350
Behavioral Health and Recovery	Behavioral Health and Recovery	2,640,000
Other Governmental Funds	Health Clinics and Ancillary Services	7,390,482
Totals		$ 10,531,832

The above interfund advances are long-term loans that are not expected to be repaid in the short-term.

Interfund Receivables/Payables

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 5,509,655
	Health Clinics and Ancillary Services	20,489,032
	Other Enterprise Funds	1,746,464
	Internal Service Funds	2,522,521
Totals		$ 30,267,672

During the year, certain funds borrowed $30,267,672 from the General Fund to cover their deficit cash balances.

Note 6: **Interfund Transactions** (continued)

Transfers

Transfer from	Transfer to	Amount	Purpose
General Fund	Community Services Agency	$ 7,716,589	County program contributions
	Behavioral Health and Recovery	6,803,740	County program contributions
	Other Governmental Funds	35,164,834	County program contributions and debt service
	Health Clinics and Ancillary Services	1,138,970	County program contribution
	Internal Service Funds	118,050	County program contribution
		50,942,183	
Behavioral Health and Recovery	Community Services Agency	182,062	Contributions to joint programs
	Other Governmental Funds	744,908	To pay POB debt service
	Other Enterprise Funds	349,270	Reimburse administrative costs of program
		1,276,240	
Community Services Agency	Community Services Agency	540,149	Contribution to children's program
	Other Governmental Funds	1,297,853	To pay POB debt service
		1,838,002	
Public Facility Fees	General Fund	1,155,671	Capital assets purchases
	Other Governmental Funds	4,441,307	Capital assets purchases
	Health Clinics and Ancillary Services	151,210	Capital assets purchases
		5,748,188	
Other Governmental Funds	General Fund	1,370,447	Various contributions to programs
	Other Governmental Funds	8,233,522	Various contributions to programs and POB debt service
	Health Clinics and Ancillary Services	5,141	Various contributions to programs
		9,609,110	
Health Clinics and Ancillary Services	Other Governmental Funds	5,783,617	Reimburse administrative costs of HSA and POB debt service
Other Enterprise Funds	Behavioral Health and Recovery	954,549	Reimburse administrative costs of programs
	Other Governmental Funds	223,314	To pay POB debt service
		1,177,863	
Fink Landfill	Fink Landfill	625,000	Landfill closure/post-closure
	Geer Landfill	450,000	Landfill closure/post-closure
	Other Government Funds	25,078	To pay POB debt service
		1,100,078	
Internal Service Funds	General Fund	112,044	Return contribution to General Fund
	Other Governmental Funds	720,889	To pay POB debt service and insurance reimbursement
		832,933	
		$ 78,308,214	

Note 7: Capital Assets

Capital asset activity for the year ended June 30, 2003 was as follows:

	Balance July 1, 2002	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2003
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 27,995,206	$ 457,567	$ -	$ (124,805)	$ 28,327,968
Total capital assets, not being depreciated	27,995,206	457,567	-	(124,805)	28,327,968
Capital assets, being depreciated:					
Infrastructure	953,396,946	9,023,851	-	17,090,434	979,511,231
Structures and improvements	162,954,482	9,118,807	-	(9,399)	172,063,890
Equipment	42,577,494	5,334,749	(2,162,034)	(707,682)	46,457,891
Total capital assets, being depreciated	1,158,928,922	23,477,407	(2,162,034)	17,788,718	1,198,033,013
Less accumulated depreciation for:					
Infrastructure	(539,892,185)	(24,121,291)	-	(509,791)	(564,523,267)
Structures and improvements	(32,158,485)	(4,487,068)	-	-	(36,645,553)
Equipment	(28,079,598)	(4,021,279)	1,873,119	(89,202)	(30,316,960)
Total accumulated depreciation	(600,130,268)	(32,629,638)	1,873,119	(598,993)	(631,485,780)
Total capital assets, being depreciated, net	558,798,654	(9,152,231)	(288,915)	17,189,725	566,547,233
Government activities capital assets, net	$ 586,793,860	$ (8,694,665)	$ (288,915)	$ 17,064,920	$ 594,875,200
Business-type Activities					
Capital assets, not being depreciated:					
Land	$ 14,399,810	$ -	$ -	$ -	$ 14,399,810
Total capital assets, not being depreciated	14,399,810	-	-	-	14,399,810
Capital assets, being depreciated:					
Structures and improvements	19,394,285	88,196	(9,978)		19,472,503
Equipment	12,608,043	980,152	(576,869)	(13,013)	12,998,313
Total capital assets, being depreciated	32,002,328	1,068,348	(586,846)	(13,013)	32,470,816
Less accumulated depreciation for:					
Structures and improvements	(11,328,410)	(408,141)	-	-	(11,736,551)
Equipment	(10,438,484)	(676,249)	-	741,694	(10,373,039)
Total accumulated depreciation	(21,766,894)	(1,084,390)	-	741,694	(22,109,590)
Total capital assets, being depreciated, net	10,235,434	(16,042)	(586,846)	728,681	10,361,226
Business-type activities capital assets, net	$ 24,635,244	$ (16,042)	$ (586,846)	$ 728,681	$ 24,761,036

Note 7: **Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

General government	$ 2,533,320
Public protection	3,420,111
Public ways	24,509,321
Health and sanitation	615,388
Public assistance	1,011,169
Education	117,240
Recreation	423,089
Total Depreciation Expense – Governmental functions	$ 32,629,638

Depreciation expense was charged to the business-type functions as follows:

Transit	$ 35,671
Fink Road Landfill	43,486
Geer Road Landfill	712
Behavioral Health Center	217,049
Health Clinics and Ancillary Services	771,700
Inmate Welfare/Commissary	15,772
Total Depreciation Expense - Business-Type Functions	$ 1,084,390

Note 8: **Accounts Receivable**

Accounts receivable net of allowance for uncollectibles includes receivables from federal, state, and local governments in the net amount of $37,556,979. Patient accounts receivable at Health Clinics and Ancillary Services of $26,740,683 net of an allowance for uncollectibles of $19,274,242, leaves a net receivable of $7,466,441. Substantially all other receivables are deemed collectible.

Note 9: **Proprietary Revenue**

Charges for services for Health Clinics and Ancillary Services of $56,576,816, net of discounts and allowances of $20,256,475, leaves a net amount of $36,320,341.

Note 10: **Property Taxes**

The County's property taxes are levied July 1 (Unsecured Roll) and October 1 (Secured Roll) on assessed values established on the lien date of the previous January 1 for all taxable property located within the County. Local assessed values are determined, subject to appeal before the Assessment Appeals Board, by the County Assessor's Office. Locally assessed real property is appraised at the base year value and is adjusted each year after 1975 by the change in the California Consumer Price Index (CPI) not to exceed an increase of 2%. Property is re-appraised from the 1975/76 base year value to current full value upon either (1) a change in ownership, or (2) new construction, as of the date of such transaction or completion of construction (only the newly constructed portion of

Note 10: **Property Taxes** (continued)

the property is re-appraised). Thereafter, it continues to be increased annually by the change in the CPI not to exceed 2%. The total gross assessed value for the 2002/2003 fiscal year is $24,679,602,644.

The County is permitted by Section 93, of the California Revenue and Taxation Code, to levy taxes up to $1.00 per $100 of assessed valuation for general governmental services other than the payment of principal and interest on general obligation bonds or other indebtedness approved by a two-thirds vote of its voters after June 4, 1986. Taxes are allotted to local agencies and school districts as outlined in Sections 95 through 100 of the California Revenue and Taxation Code.

Taxes are due in one installment (Unsecured Roll) on billing and are subject to late payment penalties if paid after August 31, or two installments (Secured Roll) due on November 1 and February 1, and again subject to the late payment penalties if paid after December 10 and April 10, respectively.

The County and its political subdivisions operate under the provisions of Sections 4701-4717 of the California Revenue and Taxation Code (otherwise known as the "Teeter Plan"). Under this method, the accounts of all political subdivisions that levy taxes on the County tax roll are credited with 100% of their respective secured tax levy, regardless of the actual payments and delinquencies. This method then provides for all the delinquent penalties and redemptions flow to the County's General Fund. In addition, Section 4703.2 of the California Revenue and Taxation Code requires that a property tax loss reserve be maintained at not less than 25% of the total delinquent secured taxes as calculated at the end of the fiscal year.

Unsecured taxes are accrued in the period when they are levied and are recognized when they become available. "Available" means, due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. This period was 60 days from the end of the fiscal year.

Property taxes receivable that do not meet the "available" criteria are recorded as deferred revenue.

Note 11: **Leases**

Operating Leases

The County is committed under various operating leases for building and office space and business and data processing equipment. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the County's government-wide financial statements.

Note 11: **Leases** (continued)

Aggregate rental expense for all operating leases approximated $3,879,231 for all fund types for the year ended June 30, 2003. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2003.

Year Ending June 30	Amount
2004	$ 3,388,438
2005	2,856,112
2006	2,093,668
2007	1,551,512
2008	1,330,577
2009-2013	7,630,674
Total Minimum Lease Payments	$ 18,850,981

Capital Leases

The County has entered into certain capital lease agreements under which the related buildings and equipment will become property of the County when all terms of the lease agreements are met:

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2003
Governmental activities:		
Buildings	6.45-7.08%	$ 16,850
Vehicles	0.00-7.24%	1,037,461
		1,054,311
Business-type activities:		
Vehicles	7.24%	11,409
Medical equipment	3.00-6.94%	1,018,851
		1,030,260
Total capital lease obligations		$ 2,084,571

Equipment and related accumulated amortization under capital leases are as follows:

	Governmental Activities	Business-type Activities
Buildings	$ 219,441	$ -
Equipment	2,720,304	1,905,318
Less: accumulated depreciation	(841,127)	(797,297)
Net value	$ 2,098,618	$ 1,108,021

Note 11: **Leases** (continued)

Capital Leases (continued)

Year Ending June 30	Total Governmental Activities	Total Business-type Activities
2004	$ 542,452	$ 431,447
2005	383,639	318,436
2006	142,422	160,834
2007	56,067	160,834
2008	5,553	40,209
Total Minimum Lease Payments	1,130,133	1,111,760
Less: Amounts Representing Interest	(75,822)	(81,500)
Present Value of Minimum Lease Payments	$ 1,054,311	$ 1,030,260

Note 12: **Long-Term Debt**

A. **Summary of Long-Term Debt**

The following is a summary of long-term liability transactions for the year ended June 30, 2003:

	Balance July 1, 2002	Additions	Deletions	Adjustments	Balance June 30, 2003	Amounts Due Within One Year
Governmental Activities:						
Risk management liability	17,932,043	14,634,967	(11,948,541)	-	20,618,469	8,150,492
Certificates of participation	94,826,893	-	(5,183,077)	1,528	89,645,344	5,430,536
Bonds payable	96,630,000	-	(5,025,000)	-	91,605,000	9,920,000
Capital lease payable	1,155,296	423,451	(524,436)	-	1,054,311	493,977
Compensated absences	22,915,541	707,519	(680,844)	-	22,942,216	626,392
Total Governmental Activities	$ 233,459,773	$15,765,937	$ (23,361,898)	$ 1,528	$ 225,865,340	$ 24,621,397
Business-Type Activities:						
Risk management liability	226,000	433,000	-	-	659,000	541,604
Certificates of participation	1,552,888	-	(126,923)	28,691	1,454,656	134,464
Compensated absences	1,555,983	236,788	(6,662)	-	1,786,109	80,921
Capital lease payable	640,513	731,205	(341,458)	-	1,030,260	388,713
Total Business-Type Activities	$ 3,975,384	$ 1,400,993	$ (475,043)	$ 28,691	$ 4,930,025	$ 1,145,702

Note 12: **Long-Term Debt** (continued)

A. **Summary of Long-Term Debt** (continued)

As of June 30, 2003, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending	Governmental Activities			
	Bonds Payable		Certificates of Participation	
30-Jun	Principal	Interest	Principal	Interest
2004	9,920,000	6,135,162	5,430,536	4,500,975
2005	5,795,000	5,633,306	5,690,952	4,244,344
2006	6,225,000	5,203,591	5,953,312	3,968,749
2007	6,690,000	4,741,880	6,257,200	3,671,958
2008	7,185,000	4,245,849	6,549,560	3,368,097
2009-2013	44,755,000	12,401,496	28,608,784	12,405,317
2014-2018	11,035,000	394,501	29,450,000	4,944,287
2019-2022			1,705,000	42,625
Totals	91,605,000	38,755,785	89,645,344	37,146,352

As of June 30, 2003, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending	Business-Type Activities	
	Certificates of Participation	
30-Jun	Principal	Interest
2004	134,464	68,619
2005	139,048	62,837
2006	146,688	56,719
2007	152,800	50,118
2008	160,440	43,090
2009-2013	721,216	91,604
Totals	1,454,656	372,987

B. **Long Term Obligations**

Governmental Activities

On June 11, 1992, the County, through the Stanislaus County Capital Improvements Financing Authority, issued $11,120,000 of Certificates of Participation (1992 COPS) at a weighted average interest rate of 6.58%. The proceeds were used to acquire certain office buildings and computer hardware and software for County purposes, and to effect a current refunding of a portion of the California Health Facilities Financing Authority borrowing entered into on July 11, 1989. Repayment is due in semi-annual payments commencing

Note 12: **Long-Term Debt** (continued)

B. **Long Term Obligations** (continued)

Governmental Activities (continued)

December 1, 1992, ranging from $22,605 to $682,605 including interest, through June 1, 2012, at rates ranging from 5.90% to 6.85%. The General Fund, Special Revenue Fund, and Health Clinic and Ancillary Services Enterprise Fund will repay this debt. Principal and interest payments of $365,000 and $24,457, respectively, were made during the fiscal year ended June 30, 2003. The County reports a portion of this liability as governmental activities.

On September 15, 1992, the County, through the Stanislaus County Capital Improvements Financing Authority, issued $10,155,000 of Certificates of Participation at a weighted average interest rate of 5.88%. The proceeds were used to fund the construction of a support services building which will provide kitchen, laundry, housekeeping and commissary services, as well as storage space, for the County jail facility located adjacent to the site. Repayment is due in semi-annual payments commencing June 1, 1993, ranging from $26,797 to $901,797 including interest, through June 1, 2012, at rates ranging from 4.75% to 6.125%. This debt will be paid out of the General Fund. Principal and interest payments of $520,000 and $94,820, respectively, were made during the fiscal year ended June 30, 2003.

On June 22, 1995, the County, through the Stanislaus County Capital Improvements Financing Authority, issued $13,755,000 of Certificates of Participation to advance refund a portion of the 1989 Certificates of Participation. After the refunding, $54,500,000 of the 1989 Certificates remained outstanding. Interest rates range from 4.10% to 5.00% of the 1995 Certificates, with a final maturity in 2008. Annual debt service ranges from $1,436,095 to $1,440,605. Principal and interest payments of $1,085,000 and $354,890, respectively, were made during the fiscal year ended June 30, 2003.

On January 3, 1996, the County, through the Stanislaus County Capital Improvements Financing Authority, issued $55,920,000 of Certificates of Participation at an average rate of 5.5% to advance refund the remaining $54,500,000 outstanding of the 1989 Certificates of Participation that had an average rate of 7.45%. The net proceeds (after payment of $1.2 million in underwriter fees, bond insurance and other issuance costs), plus other funds held by the trustee related to the 1989 Certificates of Participation, were used to purchase federal securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the payment in full of all outstanding prior certificates on April 1, 1996. As a result, the 1989 Certificates of Participation are considered to be defeased and the liability for those certificates have been removed from the government-wide financial statements. Principal and interest payments of

Note 12: **Long Term Debt** (continued)

B. **Long Term Obligations** (continued)

Governmental Activities (continued)

$1,935,000 and $2,351,632, respectively, were made during the fiscal year ended June 30, 2003.

The County refunded the 1989 Certificates to reduce its total debt service payments over the next 22 years by $19 million and to obtain an economic gain (difference between the present values of the debt service payment on the old and new debt) of almost $7.9 million.

On September 25, 1995, the County issued $108,970,000 of Taxable Pension Obligation Bonds series 1995. The proceeds were used to pay the Stanislaus County Employees' Retirement Association for the County's unfunded actuarial accrued liability. The bond is a term bond due August 15, 2013, with an interest rate of 7.15%, interest due semi-annually on February 15 and August 15. The annual payments must be deposited with the trustee by July 31 of each year, and range in amount for $394,501 to $11,432,995. The debt service payments are accumulated through departmental charges, with the rate being determined by actuarial analysis in conjunction with normal retirement contribution rates. Interest payments of $6,405,864 were made during the fiscal year ended June 30, 2003.

On May 13, 1997, the County, through the Stanislaus County Capital Improvements Financing Authority issued $12,035,000 of Certificates of Participation at a weighted average interest rate of 5.5% to finance the construction of an agricultural center and a police officer standards training facility. Repayment is due in semi-annual payments commencing November 1, 1997, ranging from $29,700 to $1,019,700 including interest, through May 1, 2017, at rates ranging from 4.60% to 6.00%. This debt will be repaid by the General Fund. Principal and interest payments of $470,000 and $580,933, respectively, were made during the fiscal year ended June 30, 2003.

On December 16, 1997, the County, through the Stanislaus County Capital Improvements Financing Authority, issued $10,630,000 of Certificates of Participation (1997 COP) at a weighted average interest rate of 4.43%. The proceeds were allocated to advance refund a portion of the remaining outstanding balance of the 1992 Series A and Series B Certificates of Participation. Repayment is due in semi-annual payments commencing June 1, 1998, ranging from $37,625 to $1,542,625, and includes interest through June 1, 2012, at rates ranging from 3.75% to 5.00%. This debt will be repaid by the General Fund and Health Clinic and Ancillary Services Enterprise Fund. Principal and interest payments of $90,000 and $488,465, respectively, were made during the fiscal year ended June 30, 2003. The County reports a portion of this liability as business-type activities.

Note 12: **Long Term Debt** (continued)

B. **Long Term Obligations** (continued)

Governmental Activities (continued)

The refunded portion of the 1992 Series A Certificates amounts to $4,625,000 with an average rate of 6.73% and the refunded portion of the 1992 Series B Certificates amounts to $5,165,000 with an average rate of 6.042%. The net proceeds (after payment of $386,455 in underwriting fees, insurance and other issuance costs) plus other funds held by the trustee related to the 1992 Series A and Series B Certificates of Participation were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for a portion of the future debt service payments on the 1992 Series A and Series B Certificates. As a result, a portion of the 1992 Series A and Series B Certificates are considered to be defeased and the liability for those certificates has been removed from the general long-term debt account group. At June 30, 2003, the outstanding portion is $1,130,000.
The County advance refunded a portion of the 1992 Series A and Series B Certificates of Participation to reduce its total debt service payments over the next 14 years by almost $1.5 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $1.7 million.

On March 1, 1998, the County, through the Stanislaus Capital Improvements Financing Authority, issued $22,160,000 of Certificates of Participation to finance the acquisition of real property and construct a portion of a government office building within the City of Modesto, CA. Interest rates range from 3.75% to 4.75% with a final maturity in 2018. Annual debt service ranges from $1,005,044 to $1,775,325. Principal and interest payments of $845,000 and $928,672 were made during the fiscal year ending June 30, 2003.

On July 24, 2001, the Stanislaus County Redevelopment Agency issued $4,525,000 of Loan Anticipation Notes at an average rate of 3.09%. The Notes are a bridge loan, the proceeds of which will primarily be used to finance the construction of certain storm drainage infrastructure in the town of Salida. The Notes are expected to be paid at maturity from proceeds of a loan from Rural Utilities Service of Rural Development, United States Department of Agriculture. Principal is all due and payable on the maturity date, September 1, 2003. Interest is payable on January 1, 2002 and on each July and January 1 thereafter and on the maturity date. Interest payment of $135,750 was made during the fiscal year ended June 30, 2003.

Business-Type Activities

On June 11, 1992, the County, through the Stanislaus County Capital Improvements Financing Authority, issued $11,120,000 of Certificates of

Note 12: **Long-Term Debt** (continued)

B. **Long-Term Obligations** (continued)

Business-Type Activities (continued)

Participation (1992 COPS) at a weighted average interest rate of 6.58%. The proceeds were used to acquire certain office buildings and computer hardware and software for County purposes, and to effect a current refunding of a portion of the California Health Facilities Financing Authority borrowing entered into on July 11, 1989. Repayment is due in semi-annual payments commencing December 1, 1992, ranging from $22,605 to $682,605 including interest, through June 1, 2012, at rates ranging from 5.90% to 6.85%. The General Fund, Special Revenue Fund, and Health Clinic and Ancillary Services Enterprise Fund will repay this debt. Principal and interest payments of $365,000 and $24,457, respectively, were made during the fiscal year ended June 30, 2003. The County reports a portion of this liability as governmental activities.

On December 16, 1997, the County, through the Stanislaus County Capital Improvements Financing Authority, issued $10,630,000 of Certificates of Participation (1997 COP) at a weighted average interest rate of 4.43%. The proceeds were allocated to advance refund a portion of the remaining outstanding balance of the 1992 Series A and Series B Certificates of Participation. Repayment is due in semi-annual payments commencing June 1, 1998, ranging from $37,625 to $1,542,625, and includes interest through June 1, 2012, at rates ranging from 3.75% to 5.00%. This debt will be repaid by the General Fund and Health Clinic and Ancillary Services Enterprise Fund. Principal and interest payments of $90,000 and $488,465, respectively, were made during the fiscal year ended June 30, 2003. The County reports a portion of this liability as governmental activities.

Note 13: **Solid Waste Landfill Closure and Postclosure Care Costs**

There are two solid waste landfill sites in the County. The Find Road Sanitary Landfill is owned by the County and is currently operating. The Geer Road Sanitary Landfill is on land jointly owned by the City of Modesto and the County of Stanislaus. This landfill has reached capacity and was closed in June 1990. The County of Stanislaus, by and through its Board of Supervisors, administered the closure operations of the Geer Road Landfill. Both landfills are reported in their entirety as enterprise funds.

State and federal laws require the County to close a landfill once its capacity has been reached and to monitor and maintain the site for thirty subsequent years. The County recognizes a portion of the closure and postclosure care costs in each operating period even though actual payouts will not occur until a landfill is closed. The amount recognized each year to date is based on the landfill capacity used as of the balance sheet date.

Note 13: **Solid Waste Landfill Closure and Postclosure Care Costs** (continued)

	Fink Road	Geer Road	Total
Estimated total liability for closure/ postclosure at June 30, 2003	$ 18,440,768	$ 11,597,935	$ 30,038,703
Liability recognized as of June 30, 2003	5,792,534	11,597,935	17,390,469
Landfill capacity used to date	31.41%	100%	--
Estimated remaining useful life	20	--	--

The estimated costs of closure and postclosure care are subject to changes such as the effects of inflation, technology, revision of laws and other variables. State and federal laws require the County to establish a closure fund to accumulate assets needed for the actual payout of closure and postclosure care costs. Of the restricted cash and investments in the Proprietary fund types, the following amounts are held for this purpose:

Fink Road Landfill	11,341,333
Geer Road Landfill	6,752,697

Note 14: **Net Assets/Fund Balances**

Net Assets

The government-wide and business-type activities financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

Note 14: **Net Assets/Fund Balances** (continued)

As of June 30, 2003, the County had the following restrictions to net assets:

	Governmental Activities	Business-type Activities
Restricted for:		
Capital projects	$ 46,583,057	-
Capital projects - tobacco settlement	53,979,399	-
Capital projects - redevelopment	1,972,501	-
Debt service	10,774,967	200,338
Landfill closure/post-closure	-	18,094,030
Inmate welfare	-	1,925,542
Transit	-	810,396
Children & families commission	23,773,818	-
Road construction	1,334,279	-
Tax loss reserve fund	1,240,166	-
Behavioral health & recovery	5,611,610	-
Child support service	2,512,388	-
Public assistance	1,493,561	-
Public health	3,229,652	-
Environmental resources	925,023	-
Lighting & storm drain districts	1,847,632	-
Clerk-recorder - fixed assets	2,425,956	-
Library	1,344,495	-
Cpa 2000	2,009,525	-
Other	2,404,477	-
	$ 163,462,506	$ 21,030,306

Fund Balances

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board or management and can be increased, reduced or eliminated by similar actions.

The term "reserved" is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County's management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

Note 14: **Net Assets/Fund Balances** (continued)

Fund Balances (continued)

As of June 30, 2003, the County has reserved or designated fund balances as follows:

Reserved for Encumbrances: This represents that portion of fund balance reserved for encumbrances existing at year end which will result in subsequent year expenditures.

Reserved – Advances to Other Funds: This represents the portion of fund balance reserved for loans to other funds that are not expected to be repaid in the short-term.

Reserved – Advance to other governments: This represents the portion of fund balance reserved for loans to other governments that are not expected to be repaid on the short-term.

Reserved – Other: This represents that portion of fund balance unavailable for appropriation for the following reasons:

	General Fund	Special Revenue
Deposits with others	$ 8,645	$ -
Inventory		378,328
Imprest cash	85,310	46,732
Prepaid items		343,244
General reserve	1,800,000	
Tax loss reserve	1,240,166	
Total	$ 3,134,121	$ 768,304

Reserved for Cash with Fiscal Agent: This represents that portion of borrowings which are held in reserve accounts by trustees and that portion of borrowings held in interest reserve accounts for interest payments.

Designated for Debt Service: This represents that portion of available fund balance segregated to meet future principal and interest payments on debt.

Designated for Contingencies: This represents that portion of available fund balances set aside for emergency and unforeseen expenditures.

Note 15: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Note 15: **Risk Management** (continued)

The County has a risk management program with respect to workers' compensation, general and professional liability, unemployment, vision and dental care. Under its existing workers' compensation insurance plan, the County is responsible for $500,000 per occurrence, with a commercial insurance company providing certain liability coverage for up to $5,000,000. The general liability insurance covers property damage, personal injury, auto, and public officials' errors and omissions. General liability, auto, and public officials' errors and omissions are the County's responsibility for up to $250,000 per occurrence, with the excess insured by the CSAC Excess Insurance Authority for up to $9,750,000. The County has also purchased optional excess liability coverage in the amount of $10 million. Property damage is insured by a commercial carrier for $385,403,877 with a $10,000 deductible. Unemployment, vision care, and dental insurance are the responsibility of the County. Limited exposure precludes the need for outside coverage.

The Health Services Agency Clinics and Ancillary Services, and the Behavioral Health and Recovery Department participate in the medical malpractice program administered by the CEO Risk Management Division. Under this program, the County has a self-insured retention of $500,000 per occurrence and pays all defense costs. The County also carries excess insurance coverage up to $10,000,000 per claim.

There was no reduction in insurance coverage from the prior year. There were no settlements in excess of insurance coverage for each of the past three fiscal years.

Changes in the balances of claims liabilities during the past fiscal year are as follows:

	2001/02	2002/03
Unpaid claims as of July 1	$ 14,492,075	$ 18,158,043
Incurred claims (including IBNRs)	15,244,842	15,067,967
Claim payments	(11,578,874)	(11,948,541)
Unpaid claims as of June 30	$ 18,158,043	$ 21,277,469

The County is a defendant in several legal actions. In the opinion of County Counsel, it is probable the potential liability for these matters could exceed the County's general liability self-insurance retention of $250,000. Any excess over $250,000 would be covered by excess insurance coverage explained above.

Note 15: **Risk Management** (continued)

In addition, the County is a defendant in a number of other lawsuits or proceedings arising in the normal course of its activities where the ultimate outcome cannot be predicted with certainty. Management does not expect that these matters will have a material adverse effect on the consolidated financial position or results of operations of the County.

Further, the County participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Some audits of these programs prior to and for the year ended June 30, 2003, have not been conducted or concluded. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County has recorded an interfund receivable in the General Fund from the Health Clinics and Ancillary Services Enterprise Fund in the amount of $20,489,032 and has determined there is a reasonable possibility of impairment of the asset, however, an estimate of the amount of loss cannot be made.

Note 16: **Commitments**

Waste Energy Agreement

The County, along with the City of Modesto (together known as the Contracting Communities), has various agreements with Stanislaus Waste Energy Company (SWEC) whereby SWEC will accept, process, and dispose of acceptable waste from the Contracting Communities as defined in the agreements. As part of the agreements, SWEC constructed a waste energy facility (the Facility) financed by a bond issue through the California Pollution Control Financing Authority. These bonds were refinanced (see Note 17).

As part of a service agreement between SWEC and the Contracting Communities, the County is to pay a fee (service fee) for processing waste that is formula based and subject to escalation adjustments. The service fee includes debt service, operation and maintenance expenses, and certain pass-through costs. The service fee is reduced by 90% of the energy revenue received by SWEC. The agreement expires in 2010 and contains a fair market value purchase option at the expiration of the initial term. Net service fees paid under the agreement were approximately $7,064,950 for the year ended June 30, 2003.

In addition to the service fee, the County is required to maintain a resource recovery account, which shall hold a minimum balance equal to three months' estimated service fee. The resource recovery account is pledged for the service fee obligation and is held by the County in its Agency funds. The obligation to pay the service fee is nonrecourse to the general credit of the County.

Note 16: **Commitments** (continued)

Waste Energy Agreement (continued)

In addition to the service agreement, the County entered into a facility site lease agreement with SWEC to lease the site where the Facility is located for $400,000 per year. The term of the lease is 35 years, expiring in 2021, and contains a 15-year option to renew at the lessee's (SWEC) option.

Construction Contracts

The County has entered into contracts to complete the renovation of existing office space, to construct a performing arts center, to begin work on a new parking garage/office structure and to remodel space for the Salida Library. At June 30, 2003, the contractual amount remaining was $1,213,772.

The County has entered into agreements with South San Joaquin Irrigation District to pay for one half the cost of constructing water treatment improvements at Woodward Reservoir. The County's share is not to exceed $3.0 million. At June 30, 2003, the remaining commitment was $2.0 million.

Note 17: **Joint Ventures**

Stanislaus Waste-to-Energy Financing Agency

Stanislaus Waste-to-Energy Financing Agency (Agency) was created May 1, 1989, pursuant to a joint exercise of powers agreement between the City of Modesto and the County of Stanislaus. The Agency is administered by a commission consisting of two members of the City council and two members of the County's Board of Supervisors. The agreement provides that the City and the County shall pay for costs associated with the operation of the Agency and are entitled to all rights and property of the Agency equally. On May 1, 1990, the Agency issued Certificates of Participation to refinance the bonds mentioned in Note 16. And on February 1, 2000 Refunding Revenue Certificates were issued to refinance the 1990 COPs. Outstanding debt of the Agency at June 30, 2003 is $50,110,000. Financial statements for the Agency are produced biannually and are available from the County of Stanislaus.

Tuolumne River Regional Park

The County participates with the City of Modesto and the City of Ceres in the operation and development of the Tuolumne River Regional Park (TRRP). The governing body consists of two members from each city council and the County Board of Supervisors.

The TRRP Board prepares the annual budget, which must be approved by both cities' councils and the Board of Supervisors. Each participant has an equity interest in the assets

Note 17: **Joint Ventures** (continued)

Tuolumne River Regional Park (continued)

of the Park based on the percentage of cumulative contributions paid. As of June 30, 2003, the County's equity interest was $2,102,183 and is included as part of the unrestricted net assets in the Government-wide Statement of Net Assets. For the fiscal year ending June 30, 2003, the County contributed $226,108 to TRRP. Financial statements for TRRP are prepared by the City of Modesto Finance Department and are available from them.

Stanislaus Drug Enforcement Agency

Stanislaus County and the cities of Modesto, Oakdale, Ceres, Patterson, Turlock, Riverbank and Newman are the participants in the Stanislaus Drug Enforcement Agency (SDEA). The purpose of the SDEA is to maintain a specially trained police unit to assist each of the participating agencies in the enforcement of drug control laws, and to study, plan and set priorities for effective enforcement of such laws throughout Stanislaus County. The governing body consists of the Sheriff to Stanislaus County and the chief of police for each participating city. All participants contributed to the funding of the SDEA budgeted expenditures, based on population and assessed property value. The County's contribution to the SDEA for fiscal year 2003 was $405,668. Upon termination of the agreement, assets will be distributed based on total contributions from each participant. Financial statements of the SDEA are available from the County.

California Identification System Remote Access Network

The County of Stanislaus and nine cities within the county have formed a local policy board to participate in the State Department of Justice CAL-ID program. This program is an integrated fingerprint identification system using a remote access network. The responsibilities of the local board include making budget recommendations, purchasing necessary equipment for the remote access network, obtaining funding, and establishing local policy. Annual contributions by all participating jurisdictions are determined based on the population of their jurisdiction as a percent of the total population. As part of the Joint Powers Agreement, the financial records of the CAL-ID program are kept by the County and will be found in the non-major special revenue funds of these financial statements.

The City-County Capital Improvements and Financing Agency

The City-County Capital Improvements and Financing Agency (Agency) was created December 17, 1996, pursuant to a joint exercise of powers agreement between the City of Modesto and the County of Stanislaus. The Agency is administered by a six-member commission consisting of two members of the City Council, two members of the County's Board of Supervisors, the County Chief Executive Officer and the City Manager. The Agency prepares the annual and project budgets, which must be approved by both the City Council and the Board of Supervisors. Each participant has an equity interest in the assets

Note 17: **Joint Ventures** (continued)

The City-County Capital Improvements and Financing Agency (continued)

of the Agency in accordance with any project agreements or in the percentages as agreed upon by the Agency which percentages shall be reviewed and approved in connection with the project and annual budgets of the Agency. As of June 30,2003, the County's equity interest in the Agency was $17,905,575 and is included as part of the unrestricted net assets in the Government-wide Statement of Net Assets. The financial statements of the Agency are the responsibility of the County and are part of the nonmajor capital project funds of these financial statements.

The California County Tobacco Securitization Agency

In November 1998, the attorneys general of 46 states (including California) and various other public entities (collectively, the "Settling States") and the four largest United States tobacco manufacturers entered into a master settlement agreement (MSA) in resolution of cigarette smoking-related litigation. The MSA effectively releases the manufacturers from past, present and future smoking related claims in exchange for, among other things, certain payments to be made to the Settling States.

On August 5, 1998 the counsel for the State of California and various jurisdictions therein ("participating jurisdictions") entered into a memorandum of understanding (MOU), made to the State of California in accordance to the MSA. However, the payments under the MSA are subject to numerous adjustments and potential delays.

On November 15, 2000, the County entered into a Joint Powers Agreement (the "Agreement") with the County of Merced, County of Sonoma, and the County of Kern thereby creating the California County Tobacco Securitization Agency (the "Agency"). The Agency included the County of Marin, County of Placer and the County of Fresno as of May 1, 2002. The Agency is governed by a Commission, which is comprised of two designees of the Board of Supervisors of each member.

The purpose of the Agreement is to provide for the exercise of powers common to each member, including, but not limited to, the power to insure, hedge or otherwise manage the risks associated with the receipt of the MSA payments. In furtherance of it's purpose, the Agency has been empowered to issue Bonds secured by the MSA payments of one or more members, the proceeds of which will be used directly or indirectly to purchase all or a portion of the rights to the MSA payments from a member or members.

On March 1, 2002, the Stanislaus County Tobacco Funding Corporation, a component unit of the Agency, entered into an agreement with the Agency for the purpose of issuing bonds in the principal amount of $67,305,000 to acquire the County's rights to receive the MSA payments when and as such funds are available. The County agreed to sell its rights, title and interest of the money due under the MSA and the MOU for $52,403,206. The financial statements of the Agency are produced annually and are available from the County of Stanislaus.

Note 18: Jointly Governed Organizations

Arson Task Force

The County, in conjunction with thirty other cites and fire districts, created an Arson Task Force. The purpose of the Task Force is to assist in the enforcement of arson laws, as well as providing investigation and prosecution support to all parties of the Task Force. The governing body of the Task Force is a committee comprised of the Fire Warden of Stanislaus County, the District Attorney of Stanislaus County, and the fire chief of each participating city and district. There is no financial obligation to the Task Force by any participating agency.

San Joaquin Valley Unified Air Pollution Control District

The County and seven other counties located in the San Joaquin Valley air basin have merged their respective air pollution control districts into the San Joaquin Valley Unified Air Pollution Control District (Unified District). The purpose of the Unified District is to establish a single, integrated agency under one centralized management structure that is able to implement programs on a valley-wide basis. The governing board of the Unified District consists of one supervisor from each of the eight counties, plus three city members appointed by the cities within the eight counties. It is the intent of the parties that the Unified Districts be self-supporting and funded through permit fees, penalties, and subventions.

Note 19: Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time County employees, and administered by either Diversified Investment Advisors or ITT Hartford, permits participants to defer a portion of their salary until future years. For all part-time employees under the age of 70, participation in the deferred compensation plan, administered by the Public Agency Retirement System (PARS), is mandatory in lieu of FICA. The part-time employees pay a 5.5% share of the amount deposited with the plan and the County pays the other 2%. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under these plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries. These assets are not included on the books of the County and are not subject to the claims of the County's general creditors.

Full-time employee investments are managed by the plan's trustee under numerous investment options. The choice of the investment option(s) is made by the participants. The plan's trustee, for part-time employees, makes all investment decisions.

Note 20: Employees' Retirement Plan

The County is a major participant in the Stanislaus County Employees Retirement Association (StanCERA), a retirement system organized under the 1937 Retirement Act. StanCERA is a cost-sharing multiple-employer Public Employee Retirement System (PERS).StanCERA provides retirement and disability benefits, annual cost-of-living adjustments, death benefits and health and welfare insurance for certain retirees and their dependents. The plan is administered by the Stanislaus County Employees Retirement Association. One actuarial valuation is performed for the system as a whole and the contribution rate is determined for each participating entity. The participating entities are the County, City of Ceres, and six special districts located in the County that are not governed by the County's Board of Supervisors. StanCERA issues a publicly available financial report that includes financial statements and required supplementary information for StanCERA. The financial report may be obtained by writing to Stanislaus County Employees Retirement Association, P.O. Box 3150, Modesto, CA 95353-3150 or by calling (209) 525-6393.

The financial statements of StanCERA are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. All other securities are valued at the last reported sales price at current exchange rates. No investment in any single asset represents more than 5% of the net assets available for pension benefits.

The StanCERA has five tiers of retirement benefits, all or some of which are offered to General and Safety members, respectively. The benefits known as Tier 1, Tier 2, Tier 4, and Tier 5 vest after five years of credited service, while the benefit known as Tier 3 vests after ten years of credited service. Vested General members with Tier 1, Tier 2, Tier 4 or Tier 5 benefits may retire at age fifty or older with ten or more years of qualifying service or at any age with thirty or more years of qualifying service. Vested Safety members with Tier 1, Tier 2, Tier 4 or Tier 5 benefits may retire at age fifty or older with ten years of qualifying service or at any age with twenty or more years of service. All Tier 3 members may retire at age fifty-five with ten or more years of qualifying service.

For members with Tier 1, Tier 4 or Tier 5 benefits, final average salary is the average monthly salary based on the highest twelve consecutive months of earnings. For members with Tier 2 or Tier 3 benefits, final average salary is the average monthly salary based on the highest thirty-six consecutive months of earnings.

The retirement benefit for Tier 1, Tier 2 Tier 4 and Tier 5 members includes a post-retirement cost-of-living (COL) adjustment based upon the Consumer Price Index. COL increases/decreases are limited to a maximum of 3% annually. Total COL decrease(s)

Note 20: **Employees' Retirement Plan** (continued)

cannot exceed the cumulative amount of previous COL increase(s). Tier 1, Tier 2, Tier 4 and Tier 5 provide death and disability benefits.

Those members participating in Tier 1, Tier 2, Tier 4 and Tier 5 are required by statute to contribute to the pension plan. Members' contribution rates are formulated on the basis of the age at date of entry and the actuarially calculated future benefits. The County is required by statute to contribute the remaining amounts necessary to finance the estimated benefits accrued to its members. Benefits and contribution provisions are established by state law subject to amendment only by a legislative act of the State of California. Alternative benefit and contribution schedules are permissive with approval of the Board of Supervisors.

In addition to providing pension benefits, StanCERA sponsors health insurance for certain retirees and their dependents. Substantially all of the active members may become eligible for those benefits if they reach normal retirement age. Currently, 1,360 retirees are active participants in the health care plans, and they received post-retirement health care benefits in the amount of $6,454,071 for the year ending June 30, 2003. StanCERA sponsored health insurance benefits are not vested and may be discontinued with 90 days notice.

StanCERA also provides a death benefit of $5,000 paid to the beneficiary or estate if a member dies after retirement, provided that Stanislaus County was the members last public employer.

Post-employment health care benefits are funded from excess earnings of the retirement association. The County does not contribute towards post-employment benefits other than retirement. The actuarial study dated June 30, 1998 projected the liability level for health care premium to be $93,346,000 based on current utilization. As of June 30, 2003, the funding for post-retiree's health premium reserve is $110,698,145.

The County's contribution to StanCERA for the years ending June 30, 2001, 2002 and 2003 were $6,044,594, $9,827,993 and $14,572,417, respectively, equal to the required contributions for each year.

Note 21: **Subsequent Event**

On October 15, 2003, the county issued $45,000,000 of one-year Tax and Revenue Anticipation Notes at a coupon interest rate of 2.0%. The true interest cost is 0.99334%. The notes are secured by a pledge of unrestricted revenues received during fiscal year ended June 30, 2004. The notes mature on October 14, 2004.

On October 3, 2003, the County settled a lawsuit prior to a jury verdict for $1.9 million. The terms of the settlement included the County acquiring property and buildings valued at $1,950,000 next to the Geer Road landfill.

Required Supplementary Information

Required Supplementary Information
For the Year Ended June 30, 2003

Stanislaus County Employees' Retirement Association (StanCERA)
Schedule of Funding Progress

The actuarial value of assets as a percentage of the actuarial liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2002 are obtained from StanCERA's annual actuarial report. The report for this fiscal year is not yet available. As such, the information for this fiscal year is not reflected in the following three-year analysis:

Funded Status of Plan
(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
07/01/2000	$ 679,421	$ 666,114	$ (13,307)	102.0	$ 157,010	(8.5)
07/01/2001	784,114	781,495	(2,619)	100.3	174,595	(1.5)
07/01/2002	878,821	870,768	(8,053)	100.9	196,471	(4.1)

Stanislaus
County

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Capital Project Funds

Capital Projects

The Capital Projects Funds were established to account for financial resources for the acquisition or construction of major capital facilities. Among the major projects is a downtown demolition/renovation project that will include the construction of a parking garage and office structure and the construction of the Gallo Performing Arts Center. Another major project was the purchase and renovation of a furniture store for use as the Salida Regional Library and Community Facility.

Redevelopment Agency

The Redevelopment Agency fund was established so the County can use redevelopment tax increment financing as a tool to initiate capital public project, property rehabilitation and private development.

Debt Service Funds

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Debt Service Funds include:

Capital Improvement Financing Authority

The Capital Improvement Financing Authority is used to accumulate resources for payment of principal and interest incurred by the sale of Certificate of Participation issued to finance various capital projects.

Pension Obligation Bonds

This fund is used to accumulate resources for the payment of principal and interest of taxable bonds issued to pay to the Employees Retirement Association the County's unfunded actuarial accrued liability.

County of Stanislaus
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Special Revenue Funds	Capital Projects Funds: Capital Projects	Capital Projects Funds: Redevelopment Agency	Debt Service Funds: Capital Improvement Finance Authority	Debt Service Funds: Pension Obligation Bonds	Totals
Assets						
Pooled cash and investments	$ 50,267,334	$ 6,904,517	$ 2,639,118	$	$ 4,603,276	$ 64,414,245
Cash with fiscal agent		3,272,121		10,638,961	136,006	14,047,088
Account receivable (net of allowance for uncollectables)	19,622,717	4,209	407		14,453	19,641,786
Interest and other receivables	179,411	5,879	12,994		13,946	212,230
Inventory	378,328					378,328
Deferred charges	79,500					79,500
Due from other funds	200,067					200,067
Advance to other governments	2,000,000					2,000,000
Prepaid items	271,749					271,749
Advance to other funds	7,390,482					7,390,482
Total assets	$ 80,389,588	$ 10,186,726	$ 2,652,519	$ 10,638,961	$ 4,767,681	$ 108,635,475
Liabilities and Fund Balance						
Liabilities						
Accounts payable	$ 4,840,837	$ 839,304	$ 273,259	$	$	$ 5,953,400
Salaries and benefits payable	2,275,556		6,759			2,282,315
Due to other funds	728,956					728,956
Interfund payable	5,509,656					5,509,656
Deposits from others	17,818					17,818
Deferred revenue	223,207					223,207
Advances from other funds	101,350		400,000			501,350
Total Liabilities	13,697,380	839,304	680,018	-	-	15,216,702
Fund Balances						
Reserved for encumbrances	6,977,415	1,878,550	456,733			9,312,698
Reserved for advances to other funds	7,390,482					7,390,482
Reserved for advances to other government	2,000,000					2,000,000
Reserved other	661,024					661,024
Reserved for cash with fiscal agent		3,272,121		10,638,961	136,006	14,047,088
Unreserved:						
Undesignated (deficit)	49,663,287	4,196,751	1,515,768		4,631,675	60,007,481
Total fund balances	66,692,208	9,347,422	1,972,501	10,638,961	4,767,681	93,418,773
Total liabilities and fund balances	$ 80,389,588	$ 10,186,726	$ 2,652,519	$ 10,638,961	$ 4,767,681	$ 108,635,475

County of Stanislaus
Combining Statement of Revenue, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2003

		Capital Projects funds		Debt service funds		
	Special Revenue Fund	Capital Projects	Redevelopment Agency	Capital Improvement Finance Authority	Pension Obligation Bonds	Totals
Revenues:						
Taxes	$ 9,854,235	$	$ 2,091,791	$	$	$ 11,946,026
Licenses, permits and franchises	1,650,648					1,650,648
Fines, forfeitures and penalties	147,153	1,478,106				1,625,259
Revenue from use of money and property	1,232,692	52,492	80,042	624,303	101,101	2,090,630
Intergovernmental revenue	83,382,447	505,691	47,016		379,201	84,314,355
Charges for services	20,008,791	140,539	60,905			20,210,235
Miscellaneous revenue	1,582,972	818,181	56,569		176,762	2,634,484
Total revenues	117,858,938	2,995,009	2,336,323	624,303	657,064	124,471,637
Expenditures:						
Current:						
General	8,104,566					8,104,566
Public protection	42,271,494					42,271,494
Public ways and facilities	24,703,267					24,703,267
Health and sanitation	37,578,937					37,578,937
Public assistance	21,115,921					21,115,921
Education	9,118,681					9,118,681
Recreation and cultural services	58,254					58,254
Debt service:						
Interest and fiscal charges				4,799,179	6,408,772	11,207,951
Principal				5,183,176	5,025,000	10,208,176
Capital outlay		10,667,732	7,074,857			17,742,589
Total expenditures	142,951,120	10,667,732	7,074,857	9,982,355	11,433,772	182,109,836
Revenues over (under) expenditures	(25,092,182)	(7,672,723)	(4,738,534)	(9,358,052)	(10,776,708)	(57,638,199)
Other financing sources (uses):						
Capital lease proceeds	52,821					52,821
Transfers in	32,663,507	4,690,145	484,922	9,654,102	8,605,002	56,097,678
Transfers out	(7,012,064)	(968,268)	(552,024)	(374,125)	(500,000)	(9,406,481)
Sale of fixed assets	286,651					286,651
Total other financing sources (uses)	25,990,915	3,721,877	(67,102)	9,279,977	8,105,002	47,030,669
Net changes in fund balances	898,733	(3,950,846)	(4,805,636)	(78,075)	(2,671,706)	(10,607,530)
Fund balances at beginning of year	65,793,475	13,298,268	6,778,137	10,717,036	7,439,387	104,026,303
Fund balances at end of year	$ 66,692,208	$ 9,347,422	$ 1,972,501	$ 10,638,961	$ 4,767,681	$ 93,418,773

Nonmajor Special Revenue Funds

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. Special Revenue Funds include:

Environmental Resources

This fund was established as a Comprehensive Environmental Department whose mandated goal was to control those factors in our physical environment, which exercise or may exercise a deleterious effect on our health and environment. Its revenues come from charges for services and federal and state sources.

Children and Families First Commission

This fund was established to create and implement a comprehensive system of services to support childhood development from the prenatal stage to five (5) years of age. Its revenues come from an increase in the tobacco tax, and are divided among counties based on the number of live births, annually, in the County.

Public Works – Engineering

This fund was established to provide engineering services to other division in the Public Works Department and other County departments. Revenue consists primarily of charges for services

Road and Bridge

This fund was established to provide maintenance and construction of roadways and bridges. Revenue consists primarily of the County's share of state highway users taxes and are supplemented by federal funds, vehicle code fines, and reimbursements for services provided.

Employment and Training

This fund was established to account for the Workforce Incentive Act. The County serves as the grant recipient and administrator. The federal government funds the program for the purposes of providing employment and training services to youth and adults, who are unskilled, economically disadvantaged, unemployed, or underemployed.

Child Support Services

This fund was established to account for the Department of Child Support Services, which is responsible for locating absent parents, establishing paternity, establishing child and medical support orders, collecting and distributing child support from absent parents and initiating remedial actions to collect on delinquencies. Federal and state funding are the primary source of revenues.

NONMAJOR SPECIAL REVENUE FUNDS
(Continued)

Health Services Agency

This fund was established to oversee the delivery of health care to Stanislaus County residents. It includes the Public Health and Managed Care divisions and oversees the Health Clinics and Ancillary Services (enterprise Fund). The revenues for this fund are primarily intergovernmental sources and charges for services, supplemented by transfers from the General Fund.

Indigent Health Care

This fund was established to administer state and county funds for the delivery for quality medical care for indigent and medically indigent county residents. The primary funding source is the State.

Library

This fund was established to account for library services in thirteen branches throughout the county. Support is derived principally from general fund discretionary revenues and 1/8% sales tax increment beginning in July 1995.

Lighting Districts

This fund was established for lighting districts that are controlled by the Board of Supervisors. The revenue sources are taxes and direct assessments.

All Other Special Revenue Funds

Accounts for the activities of several Special Revenue Funds, including:

- Area Agency on Aging
- Retirement Board
- Property Tax Administration Program
- Cal-MMET
- Federal & State Grants
- County Service Areas & Storm Drain Districts
- Community Health Services

County of Stanislaus
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

	Environmental Resources	Children and Families Commission	Public Works Engineering	Road and Bridge	Employment and Training	Child Support Services
Assets						
Pooled cash and investments	$ 1,746,446	$ 24,006,918	$	$	$	$ 713,161
Account receivable (net of allowance for uncollectables)	802,304	688,044	30,591	4,824,412	2,063,938	2,197,901
Interest and other receivables	5,975	102,424				7,131
Inventory				320,965		
Deferred charges					79,500	
Due from other funds	11,823					
Advance to other governments			2,000,000			
Prepaid items						258,714
Advance to other funds						
Total assets	$ 2,566,548	$ 24,797,386	$ 2,030,591	$ 5,145,377	$ 2,143,438	$ 3,176,907
Liabilities and Fund Balance						
Liabilities						
Accounts payable	$ 172,340	$ 811,478	$ 56,816	$ 325,097	$ 925,217	$ 212,127
Salaries and benefits payable	155,316	12,088	183,089	113,344	261,935	445,299
Due to other funds						
Interfund payable			1,073,952	3,372,657	1,063,047	
Deposits from others						7,094
Deferred revenue		200,000				
Advances from other funds						
Total Liabilities	327,656	1,023,566	1,313,857	3,811,098	2,250,199	664,520
Fund Balances						
Reserved for encumbrances	402,337	4,106,993	90,986	43,997	29,730	163,565
Reserved for advances to other funds						
Reserved for advances to other governments			2,000,000			
Reserved other	200			321,015		258,714
Unreserved:						
Undesignated	1,836,355	19,666,827	(1,374,252)	969,267	(136,491)	2,090,108
Total fund balances (deficit)	2,238,892	23,773,820	716,734	1,334,279	(106,761)	2,512,387
Total liabilities and fund balances	$ 2,566,548	$ 24,797,386	$ 2,030,591	$ 5,145,377	$ 2,143,438	$ 3,176,907

County of Stanislaus
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2003

Health Service Agency	Indigent Health Care	Library	Lighting Districts	All Other Special Revenue Funds	Totals	
						Assets
$ 10,005,657	$ 1,359,046	$ 811,075	$ 152,683	$ 11,472,348	$ 50,267,334	Pooled cash and investments
4,204,197	602,320	1,250,141		2,958,869	19,622,717	Account receivable (net of allowance for uncollectables)
12,674	2,819		597	47,791	179,411	Interest and other receivables
57,363					378,328	Inventory
					79,500	Deferred charges
59,932	128,312				200,067	Due from other funds
					2,000,000	Advance to other governments
13,035					271,749	Prepaid items
				7,390,482	7,390,482	Advance to other funds
$ 14,352,858	$ 2,092,497	$ 2,061,216	$ 153,280	$ 21,869,490	$ 80,389,588	Total assets
						Liabilities and Fund Balance
						Liabilities
$ 323,657	$ 806,674	$ 176,788	$ 6,958	$ 1,023,685	$ 4,840,837	Accounts payable
635,546	27,819	198,902		242,218	2,275,556	Salaries and benefits payable
231,971	480,113			16,872	728,956	Due to other funds
					5,509,656	Interfund payable
				10,724	17,818	Deposits from others
4,575		18,632			223,207	Deferred revenue
			1,350	100,000	101,350	Advances from other funds
1,195,749	1,314,606	394,322	8,308	1,393,499	13,697,380	Total Liabilities
						Fund Balances
29,676	5,301	144,323		1,960,507	6,977,415	Reserved for encumbrances
				7,390,482	7,390,482	Reserved for advances to other funds
					2,000,000	Reserved for advances to other governments
74,248		2,247		4,600	661,024	Reserved other
						Unreserved:
13,053,185	772,590	1,520,324	144,972	11,120,402	49,663,287	Undesignated
13,157,109	777,891	1,666,894	144,972	20,475,991	66,692,208	Total fund balances (deficit)
$ 14,352,858	$ 2,092,497	$ 2,061,216	$ 153,280	$ 21,869,490	$ 80,389,588	Total liabilities and fund balances

County of Stanislaus
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2003

	Environmental Resources	Children and Families Commission	Public Works Engineering	Road and Bridge	Employment and Training	Child Support Services
Revenues:						
Taxes	$	$	$	$ 1,981,094	$	$
Licenses, permits and franchises			1,553,580	87,645		
Fines, forfeitures and penalties	41,071					
Revenue from use of money and property	28,825	689,166		(17,342)		153,139
Intergovernmental revenue	995,611	7,000,383	81,699	13,180,405	14,894,754	17,297,747
Charges for services	4,572,172		4,198,195	96,110	3,339,866	610
Miscellaneous revenue	(6,646)	(2,338)	6,409	43,589	(172,792)	
Total revenues	5,631,033	7,687,211	5,839,883	15,371,501	18,061,828	17,451,496
Expenditures:						
General		6,276,339				
Public protection	6,634,407		4,374,537			17,893,165
Public ways and facilities			1,748,674	22,954,593		
Health and sanitation						
Public assistance					18,704,157	
Education						
Recreation and cultural services						
Total expenditures	6,634,407	6,276,339	6,123,211	22,954,593	18,704,157	17,893,165
Revenues over (under) expenditures	(1,003,374)	1,410,872	(283,328)	(7,583,092)	(642,329)	(441,669)
Other financing sources (uses):						
Capital lease proceeds						
Transfers in	1,392,034		366,555	7,336,895	198,572	
Transfers out	(220,164)	(6,740)	(133,189)	(2,859,448)	(213,128)	(950,299)
Sale of fixed assets	801					
Total other financing sources (uses)	1,172,671	(6,740)	233,366	4,477,447	(14,556)	(950,299)
Net change in fund balance	169,297	1,404,132	(49,962)	(3,105,645)	(656,885)	(1,391,968)
Fund balances at beginning of year	2,069,595	22,369,688	766,696	4,439,924	550,124	3,904,355
Fund balances (deficit) end of year	$ 2,238,892	$ 23,773,820	$ 716,734	$ 1,334,279	$ (106,761)	$ 2,512,387

County of Stanislaus
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the fiscal year ended June 30, 2003

Health Service Agency	Indigent Health Care	Library	Lighting Districts	All Other Special Revenue Funds	Totals	
						Revenues
$	$	$ 7,036,979	$ 58,579	$ 777,583	$ 9,854,235	Taxes
9,423					1,650,648	Licenses, permits and franchises
6,015				100,067	147,153	Fines, forfeitures and penalties
75,033	20,393		3,506	279,972	1,232,692	Revenue from use of money and property
11,622,605	4,138,473	608,042	966	13,561,762	83,382,447	Intergovernmental revenue
3,405,117	224,030	378,421	132,650	3,661,620	20,008,791	Charges for services
1,082,756	138,609	47,791	790	444,804	1,582,972	Miscellaneous revenue
16,200,949	4,521,505	8,071,233	196,491	18,825,808	117,858,938	Total revenues
						Expenditures
				1,828,227	8,104,566	General
			201,537	13,167,848	42,271,494	Public protection
					24,703,267	Public ways and facilities
23,468,752	14,110,185				37,578,937	Health and sanitation
				2,411,764	21,115,921	Public assistance
		9,111,999		6,682	9,118,681	Education
				58,254	58,254	Recreation and cultural services
23,468,752	14,110,185	9,111,999	201,537	17,472,775	142,951,120	Total expenditures
(7,267,803)	(9,588,680)	(1,040,766)	(5,046)	1,353,033	(25,092,182)	Revenues over (under) expenditures
						Other financing sources (uses)
				52,821	52,821	Capital lease proceeds
10,869,409	9,710,668	2,006,133		783,241	32,663,507	Transfers in
(2,082,911)	(131,409)	(122,777)		(291,999)	(7,012,064)	Transfers out
				285,850	286,651	Sale of fixed assets
8,786,498	9,579,259	1,883,356		829,913	25,990,915	Total other financing sources (uses)
1,518,695	(9,421)	842,590	(5,046)	2,182,946	898,733	Net change in fund balance
11,638,414	787,312	824,304	150,018	18,293,045	65,793,475	Fund balances at beginning of year
$ 13,157,109	$ 777,891	$ 1,666,894	$ 144,972	$ 20,475,991	$ 66,692,208	Fund balances (deficit) end of year

Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are established to account for the financing of self-supporting activities of governmental units, which render services on a user-charge basis to the general public.

County Transit System

This fund was established to account for the operation of a transit system within the county which performs intra-city transit service, medical transportation, and Senior Opportunity Services Program's nutrition deliveries. Revenues are generated from fees to transit users and state grants.

Stanislaus Behavioral Health Center

This fund was established to account for the operations of the Stanislaus Behavioral Health Center, which provides mental health and chemical dependency inpatient and outpatient services to public and private clients.

Inmate Welfare/Commissary

This fund was established to account for the activity of the Jail Commissary and the use of revenue generated from the sale of goods for the benefit of inmates.

County of Stanislaus
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2003

	County Transit System	Stanislaus Behavioral Health Center	Inmate Welfare/ Commissary	Total
ASSETS:				
Current Assets:				
Pooled cash and investments	$ 809,405	$	$ 1,965,913	$ 2,775,318
Accounts receivable, net	196,879	3,406,041		3,602,920
Interest and other receivables	4,601		8,263	12,864
Inventory of supplies at cost			34,260	34,260
Due from other funds		304,314		304,314
Total current assets	1,010,885	3,710,355	2,008,436	6,729,676
Noncurrent assets:				
Capital assets:				
Building and improvements		7,221,133	196,613	7,417,746
Equipment	300,991	338,625	94,144	733,760
Less:Accumulated depreciation	(207,629)	(1,816,817)	(50,719)	(2,075,165)
Total noncurrent assets	93,362	5,742,941	240,038	6,076,341
Total assets	$ 1,104,247	$ 9,453,296	$ 2,248,474	$ 12,806,017
LIABILITIES:				
Current liabilities:				
Accounts payable	$ 177,638	$ 340,139	$ 82,894	$ 600,671
Salaries and benefits payable	9,257	407,152		416,409
Interfund payable		1,746,464		1,746,464
Current portion of capital lease		5,499		5,499
Liability for compensated absences - current		12,249		12,249
Total current liabilities	186,895	2,511,503	82,894	2,781,292
Noncurrent liabilities				
Liability for compensated absences	13,594	413,277		426,871
Capital lease payable		5,911		5,911
Total noncurrent liabilities	13,594	419,188		432,782
Total liabilities	$ 200,489	$ 2,930,691	$ 82,894	$ 3,214,074
NET ASSETS:				
Invested in capital assets, net of related debt	93,362	5,731,531	240,038	6,064,931
Unrestricted	810,396	791,074	1,925,542	3,527,012
Total net assets	$ 903,758	$ 6,522,605	$ 2,165,580	$ 9,591,943

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2003

	County Transit System	Stanislaus Behavioral Health Center	Inmate Welfare/ Commissary	Total
Operating revenues:				
Charges for services	$ 196,832	$ 14,756,843	$ 1,226,084	$ 16,179,759
Total operating revenues	196,832	14,756,843	1,226,084	16,179,759
Operating expenses:				
Salaries and benefits	225,069	9,735,329		9,960,398
Services and supplies	1,821,815	3,834,312	1,422,134	7,078,261
Depreciation	35,671	217,049	15,772	268,492
Total operating expenses	2,082,555	13,786,690	1,437,906	17,307,151
Operating income (loss)	(1,885,723)	970,153	(211,822)	(1,127,392)
Nonoperating revenues (expenses)				
Interest income	28,497	31,544	73,624	133,665
Interest expense		(13,018)		(13,018)
Operating grants	2,086,309	39,919		2,126,228
Total nonoperating revenues (expenses)	2,114,806	58,445	73,624	2,246,875
Income (loss) before contributions and transfers	229,083	1,028,598	(138,198)	1,119,483
Transfers in		349,270		349,270
Transfers out	(7,198)	(1,170,665)		(1,177,863)
Change in net assets	221,885	207,203	(138,198)	290,890
Total net assets - beginning	681,873	6,315,402	2,303,778	9,301,053
Total net assets - ending	$ 903,758	$ 6,522,605	$ 2,165,580	$ 9,591,943

The accompanying notes to the financial statements are an integral part of this statement.

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds were established to finance and account for the services and commodities furnished by a designated agency of a governmental unit to other departments of the same governmental unit. Since the services and commodities are supplied exclusively to other departments of a governmental jurisdiction, they are distinguishable from the public services which are rendered to the public in general and which are accounted for in General, Special Revenue, or Enterprise funds.

General Liability Insurance

This fund is a risk management fund which was established to account for administrative cost, insurance premiums and the cost of claims for the County's property damage, general liability, auto liability, fiduciary, bonds, dishonesty, and legal defense. Revenues are generated by premiums paid by other funds and interest on investments.

Unemployment Insurance

This fund is a risk management fund which accounts for administrative cost and cost for the County's unemployment claims. Revenues are generated by premiums paid by other funds and interest on investments.

Workers' Compensation Insurance

This fund is a risk management fund which accounts for administrative cost, loss control and cost of Workers' Compensation claims and benefits. Revenues are generated by premiums paid by other funds and interest on investments.

Purchased Insurance

This fund accounts for insurance purchased from outside vendors for health and life insurance. Revenues are generated by premiums paid by other funds.

Dental Insurance

This fund is a risk management fund to account for administrative cost and the cost for the County's employee dental claims. Revenues are generated by premiums paid by other funds and interest on investments.

Vision Care Insurance

This fund is a risk management fund to account for administrative cost and the cost for the County's employee vision care claims. Revenues are generated by premiums paid by other funds and interest on investments.

Professional Liability Insurance

This fund is a risk management fund to account for the purchase of insurance and the cost of claims for medical malpractice cases, administrative costs and legal defense. Revenues are generated by premiums paid predominantly by the Health Services Agency Clinics and Ancillary Services Enterprise Fund, and interest on investments.

INTERNAL SERVICE FUNDS
(Continued)

Central Services

This fund was established to account for the cost of issuing supplies and food items, printing, duplication, postage, mail room service, and messenger service. Revenues are generated based on billings for services provided.

Fleet Services

This fund was established to account for the cost of maintaining all County-owned automobiles, trucks, and heavy equipment for County departments. Revenues are based on fee charges for services provided.

Technology and Communications

This fund was established to account for the costs of providing information services, computer processing, communication services such as telephone equipment and services, maintenance of two-way radios, and a new automated collection system. Revenues are based on billings to customers for services provided.

Morgan Shop Garage

This fund was established to account for the cost of maintaining Public Works light and heavy equipment. Revenues are based on fee charges for services provided.

County of Stanislaus
Combining Statement of Net Assets
Internal Service Funds
June 30, 2003

	Self Insurance funds					
	General Liability Insurance	Unemployment Insurance	Workers' Compensation Insurance	Purchased Insurance	Dental Insurance	Vision Care Insurance
ASSETS:						
Pooled cash and investments	$ 5,420,270	$ 1,299,601	$ 7,894,966	$ 330,415	$ 278,422	$ 482,765
Accounts receivable (net of allowance for uncollectables)	20,416		144,000			
Interest and other receivables	22,937	5,750	32,351		1,152	1,748
Inventory of supplies at cost						
Deposit with others	92,000		500,000		25,000	46,730
Due from other funds						
Total current assets	5,555,623	1,305,351	8,571,317	330,415	304,574	531,243
Property, plant, and equipment:						
Building and improvements						
Equipment	23,693		35,614			
Less: Accumulated depreciation	(23,693)		(31,257)			
Net property, plant, and equipment			4,357			
Total assets	$ 5,555,623	$ 1,305,351	$ 8,575,674	$ 330,415	$ 304,574	$ 531,243
LIABILITIES						
Current liablities						
Accounts payable	$ 51,854	$ 169,685	$ 513,712	$	$ 129,708	$ 63,205
Salaries and benefits payable						
Interfund payable						
Current portion of capital lease						
Liability for compensated absences						
Total curent liabilities	51,854	169,685	513,712		129,708	63,205
Noncurrent liabilites						
Capital leases payable						
Self insurance liability	1,306,000	1,061,652	17,743,000		416,562	91,255
Total noncurrent liabilities	1,306,000	1,061,652	17,743,000		416,562	91,255
Total liabilites	1,357,854	1,231,337	18,256,712		546,270	154,460
NET ASSETS:						
Invested in capital assets net of related debt			4,357			
Unrestricted	4,197,769	74,014	(9,685,395)	330,415	(241,696)	376,783
Total net assets	4,197,769	74,014	(9,681,038)	330,415	(241,696)	376,783

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Combining Statement of Net Assets (Continued)
Internal Service Funds
June 30, 2003

Self Insurance funds: Professional Liability Insurance	Central Services	Fleet Services	Technology and Communications	Morgan Shop Garage	Total	
						ASSETS:
$ 2,672,342	$	$	$	$ 493,858	$ 18,872,639	Pooled cash and investments
	8,336		256,396	2	429,150	Accounts receivable (net of allowance for uncollectables)
10,775					74,713	Interest and other receivables
	232,189	55,932		88,537	376,658	Inventory of supplies at cost
					663,730	Deposit with others
						Due from other funds
2,683,117	240,525	55,932	256,396	582,397	20,416,890	Total current assets
						Property, plant, and equipment:
		990,773			990,773	Building and improvements
	338,237	5,882,195	9,719,735	5,788,438	21,787,912	Equipment
	(280,349)	(4,156,454)	(9,032,699)	(4,078,178)	(17,602,630)	Less: Accumulated depreciation
	57,888	2,716,514	687,036	1,710,260	5,176,055	Net property, plant, and equipment
$ 2,683,117	$ 298,413	$ 2,772,446	$ 943,432	$ 2,292,657	$ 25,592,945	Total assets
						LIABILITIES
						Current liablities
$ 31,678	$ 44,765	$ 181,004	$ 264,297	$ 40,570	$ 1,490,478	Accounts payable
	21,557	21,488	151,466	16,696	211,207	Salaries and benefits payable
	127,698	107,732	2,287,092		2,522,522	Interfund payable
		89,750		32,146	121,896	Current portion of capital lease
	55,696	74,011	462,217	34,468	626,392	Liability for compensated absences
31,678	249,716	473,985	3,165,072	123,880	4,972,495	Total curent liabilities
						Noncurrent liabilites
		95,049		72,496	167,545	Capital leases payable
659,000					21,277,469	Self insurance liability
659,000		95,049		72,496	21,445,014	Total noncurrent liabilities
690,678	249,716	569,034	3,165,072	196,376	26,417,509	Total liabilites
						NET ASSETS:
						Invested in capital assets
	57,888	2,531,715	687,036	1,605,618	4,886,614	net of related debt
1,992,439	(9,191)	(328,303)	(2,908,676)	490,663	(5,711,178)	Unrestricted
1,992,439	48,697	2,203,412	(2,221,640)	2,096,281	(824,564)	Total net assets

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2003

	Self Insurance funds					
	General Liability Insurance	Unemployment Insurance	Workers' Compensation Insurance	Purchased Insurance	Dental Insurance	Vision Care Insurance
Operating revenues:						
Charges for services	$ 1,177,059	$	$ 8,640,520	$ 20,090,131	$ 2,940,026	$ 920,335
Total operating revenues	1,177,059		8,640,520	20,090,131	2,940,026	920,335
Operating expenses:						
Salaries and benefits						
Services and supplies	969,097	792,408	10,839,311	20,040,891	3,478,537	912,319
Depreciation			1,216			
Total operating expenses	969,097	792,408	10,840,527	20,040,891	3,478,537	912,319
Operating income (loss)	207,962	(792,408)	(2,200,007)	49,240	(538,511)	8,016
Nonoperating revenues (expenses):						
Interest income	141,355	37,844	215,471		8,331	12,376
Interest expense						
Gain (Loss) on sale of fixed assets						
Total nonoperating revenues (expenses), net	141,355	37,844	215,471		8,331	12,376
Income (loss) before contributions and transfers	349,317	(754,564)	(1,984,536)	49,240	(530,180)	20,392
Capital contribution						
Transfers in						
Transfers out	(627,907)		(25,000)			
Changes in net assets	(278,590)	(754,564)	(2,009,536)	49,240	(530,180)	20,392
Total net assets - beginning	4,476,359	828,578	(7,671,502)	281,175	288,484	356,391
Total net assets - ending	$ 4,197,769	$ 74,014	$ (9,681,038)	$ 330,415	$ (241,696)	$ 376,783

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)
Internal Service Funds
For the fiscal year ended June 30, 2003

Self Insurance funds: Professional Liability Insurance	Central Services	Fleet Services	Technology and Communications	Morgan Shop Garage	Total	
						Operating revenues:
$ 889,559	$ 1,054,869	$ 2,455,002	$ 11,252,087	$ 1,521,622	$ 50,941,210	Charges for services
889,559	1,054,869	2,455,002	11,252,087	1,521,622	50,941,210	Total operating revenues
						Operating expenses:
	620,593	595,323	4,164,256	513,713	5,893,885	Salaries and benefits
1,126,419	412,399	1,177,265	6,987,821	548,490	47,284,957	Services and supplies
	8,535	812,344	187,731	324,257	1,334,083	Depreciation
1,126,419	1,041,527	2,584,932	11,339,808	1,386,460	54,512,925	Total operating expenses
(236,860)	13,342	(129,930)	(87,721)	135,162	(3,571,715)	
						Nonoperating revenues (expenses)
71,115					486,492	Interest income
		(13,289)	(6,575)	(7,588)	(27,452)	Interest expense
		35,732		49,181	84,913	Gain (Loss) on sale of fixed assets
71,115		22,443	(6,575)	41,593	543,953	Total nonoperating revenues (expenses), net
(165,745)	13,342	(107,487)	(94,296)	176,755	(3,027,762)	Income (loss) before contributions and transfers
		3,952		93,325	97,277	Capital contribution
		56,445	118,050	4,949	179,444	Transfers in
	(17,660)	(17,681)	(130,360)	(14,326)	(832,934)	Transfers out
(165,745)	(4,318)	(64,771)	(106,606)	260,703	(3,583,975)	Changes in net assets
2,158,184	53,015	2,268,183	(2,115,034)	1,835,578	2,759,411	Total net assets - beginning
						Contributed capital
$ 1,992,439	$ 48,697	$ 2,203,412	$ (2,221,640)	$ 2,096,281	$ (824,564)	Total net assets - ending

Statistical Information

County of Stanislaus
Revenues and Expenses - Government-Wide
Last Three Fiscal Years

	2000-01	2001-02	2002-03
Revenues (by source):			
Program revenues:			
Fees, fines, charges for services	141,728,570	151,078,186	149,606,671
Operating grants and contributions	298,410,955	341,345,023	332,600,172
Capital grants and contributions	20,810,799	22,176,744	23,552,188
General revenues:			
Property taxes	25,366,087	29,325,476	31,561,725
Sales taxes	24,332,083	25,262,696	28,360,792
Franchise fees	917,276	1,221,235	918,309
Motor vehicle license	28,236,408	30,646,886	32,658,197
Open space subvention	1,722,236	1,803,361	1,737,231
Rental income	1,130,270	710,984	
Unrestricted investments earnings	10,686,950	7,455,316	6,218,534
Other	17,454,737	12,030,877	14,566,673
Total Revenues	570,796,371	623,056,784	621,780,492
Expenses (by function):			
General government	37,764,335	40,719,666	48,391,005
Public protection	119,583,301	136,575,084	143,930,821
Public ways and facilities	37,294,734	33,500,529	39,214,960
Health and sanitation	85,996,354	99,938,442	103,632,801
Public assistance	180,175,959	210,016,007	205,434,527
Education	8,507,951	8,979,780	9,628,228
Recreation	4,608,475	4,786,457	6,062,670
Interest and fiscal charges on long-term debt	15,849,634	11,720,293	11,582,666
Landfills	4,834,890	7,184,548	7,659,100
Behavioral health	13,231,056	14,019,815	13,799,708
Health clinics and ancillary services	36,305,100	36,353,822	37,321,847
Inmate welfare and commissary	1,066,152	1,317,672	1,437,906
Transit	1,682,335	1,951,513	2,082,555
Total Expenses	546,900,276	607,063,628	630,178,794

County of Stanislaus
Governmental Fund - Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Government	Public Protection	Public Ways and Facilities	Health and Sanitation	Public Assistance	Education	Recreation and Cultural Services	Capital Outlay	Debt Service	Total
1994	$ 20,378,245	$ 69,994,259	$ 12,239,910	$ 53,763,343	$ 159,093,291	$ 3,618,890	$ 1,907,422	$ 27,948,008	$ 8,746,843	$ 357,690,211
1995	$ 21,653,970	$ 78,014,032	$ 10,741,495	$ 54,514,793	$ 171,848,407	$ 3,680,465	$ 2,230,569	$ 7,437,158	$ 21,304,983	$ 371,425,872
1996	$ 23,753,991	$ 80,988,683	$ 8,618,367	$ 59,326,909	$ 170,683,370	$ 5,412,857	$ 2,959,626	$ 12,999,335	$ 19,394,424	$ 384,137,562
1997	$ 23,250,987	$ 85,206,769	$ 15,141,696	$ 66,030,718	$ 157,645,179	$ 6,067,764	$ 2,847,877	$ 5,913,408	$ 15,942,342	$ 378,046,740
1998	$ 24,457,734	$ 86,895,719	$ 15,088,450	$ 73,944,115	$ 147,335,294	$ 6,916,320	$ 2,996,831	$ 22,412,928	$ 17,677,781	$ 397,725,172
1999	$ 25,918,492	$ 105,300,541	$ 18,269,779	$ 62,486,247	$ 150,391,456	$ 7,254,994	$ 3,675,066	$ 30,132,604	$ 20,484,331	$ 423,913,510
2000	$ 34,762,987	$ 118,302,571	$ 19,669,113	$ 71,718,115	$ 162,415,873	$ 11,592,606	$ 4,008,188	$ 19,022,124	$ 20,349,868	$ 461,841,445
2001	$ 29,984,488	$ 120,479,212	$ 15,681,780	$ 85,885,977	$ 179,153,376	$ 8,053,397	$ 4,138,041	$ 7,146,789	$ 21,398,224	$ 471,921,284
2002	$ 36,494,615	$ 133,205,484	$ 22,887,072	$ 98,746,982	$ 209,041,477	$ 12,950,762	$ 4,401,008	$ 8,317,137	$ 21,444,474	$ 547,489,011
2003	$ 39,042,574	$ 140,359,147	$ 24,703,267	$ 103,859,610	$ 204,532,483	$ 9,449,163	$ 5,433,031	$ 17,840,345	$ 21,416,127	$ 566,635,747

County of Stanislaus
Governmental Fund - Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses, Permits, and Franchises	Fines, Forfeitures, and Penalties	Revenue from Use of Money and Property	Inter-Governmental Revenue	Charges for Services	Miscellaneous Revenues	Total
1994	$ 45,157,762	$ 2,058,113	$ 2,297,758	$ 7,889,426	$ 243,785,232	$ 33,090,464	$ 1,829,094	$ 336,107,849
1995	$ 33,987,093	$ 2,489,654	$ 2,498,611	$ 6,158,559	$ 261,284,871	$ 41,210,603	$ 2,797,649	$ 350,427,040
1996	$ 39,947,246	$ 2,359,279	$ 2,103,225	$ 7,419,969	$ 275,237,337	$ 39,629,899	$ 2,199,208	$ 368,896,163
1997	$ 40,456,611	$ 2,412,865	$ 1,991,486	$ 7,730,499	$ 269,352,399	$ 42,813,056	$ 1,659,995	$ 366,416,911
1998	$ 43,817,097	$ 2,342,045	$ 3,753,612	$ 10,966,092	$ 257,179,902	$ 50,298,201	$ 15,238,569	$ 383,595,518
1999	$ 43,256,791	$ 3,050,498	$ 4,340,495	$ 11,273,350	$ 277,762,601	$ 55,987,807	$ 4,293,932	$ 399,965,474
2000	$ 49,018,126	$ 2,714,718	$ 6,496,818	$ 9,411,666	$ 308,388,382	$ 71,641,606	$ 11,460,594	$ 459,131,910
2001	$ 51,537,878	$ 2,971,884	$ 3,881,935	$ 12,498,724	$ 335,053,392	$ 71,366,067	$ 14,796,113	$ 492,105,993
2002	$ 55,585,337	$ 3,514,853	$ 6,978,905	$ 10,439,033	$ 382,418,947	$ 87,224,458	$ 11,091,239	$ 557,252,772
2003	$ 60,948,505	$ 3,406,830	$ 7,993,664	$ 7,908,954	$ 379,661,625	$ 83,891,476	$ 11,648,645	$ 555,459,699

County of Stanislaus
Property Tax Charges and Collections *
Last Ten Fiscal Years

Fiscal Year	Secured Tax Charge	Unsecured Tax Charge	Total Tax Charge	Collections Through 6/30	Delinquent Balance	Ratio of Delinquency To Tax Charge
1994	$ 177,697,815	$ 8,934,076	$ 186,631,891	$ 179,493,630	$ 7,138,261	3.825%
1995	$ 188,473,564	$ 8,541,626	$ 197,015,190	$ 191,368,551	$ 5,646,639	2.866%
1996	$ 185,241,717	$ 9,265,388	$ 194,507,105	$ 189,122,802	$ 5,384,303	2.768%
1997	$ 187,752,426	$ 9,469,534	$ 197,221,960	$ 191,821,103	$ 5,400,857	2.738%
1998	$ 192,095,120	$ 9,447,135	$ 201,542,255	$ 197,210,207	$ 4,332,048	2.150%
1999	$ 193,711,737	$ 11,827,861	$ 205,539,598	$ 201,224,592	$ 4,315,006	2.099%
2000	$ 209,240,256	$ 11,843,235	$ 221,083,491	$ 216,197,440	$ 4,886,051	2.210%
2001	$ 220,614,926	$ 12,719,986	$ 233,334,911	$ 228,045,563	$ 5,289,349	2.267%
2002	$ 237,178,381	$ 14,377,948	$ 251,556,329	$ 245,881,778	$ 5,674,552	2.256%
2003	$ 260,596,803	$ 14,152,836	$ 274,749,639	$ 270,047,250	$ 4,702,389	1.712%

* Includes all taxing authorities within the County excluding Airplane Tax.

County of Stanislaus
Net Assessed and Estimated Actual Value
of Taxable Property
Last Ten Fiscal Years

Secured		Unsecured		Total		Ratio of Assessed to Estimated Actual
Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	
$ 15,872,333,152	$ 15,872,333,152	$ 876,499,450	$ 876,499,450	$ 16,748,832,602	$ 16,748,832,602	100%
$ 16,229,216,696	$ 16,229,216,696	$ 823,159,911	$ 823,159,911	$ 17,052,376,607	$ 17,052,376,607	100%
$ 16,513,622,177	$ 16,513,622,177	$ 914,454,494	$ 914,454,494	$ 17,428,076,671	$ 17,428,076,671	100%
$ 16,798,968,191	$ 16,798,968,191	$ 873,159,491	$ 873,159,491	$ 17,672,127,682	$ 17,672,127,682	100%
$ 17,125,381,531	$ 17,125,381,531	$ 920,841,788	$ 920,841,788	$ 18,046,223,319	$ 18,046,223,319	100%
$ 17,414,464,523	$ 17,414,464,523	$ 1,042,205,718	$ 1,042,205,718	$ 18,456,670,241	$ 18,456,670,241	100%
$ 18,138,511,836	$ 18,138,511,836	$ 1,145,681,145	$ 1,145,681,145	$ 19,284,192,981	$ 19,284,192,981	100%
$ 19,269,396,995	$ 19,269,396,995	$ 1,206,395,885	$ 1,206,395,885	$ 20,475,792,880	$ 20,475,792,880	100%
$ 20,778,158,097	$ 20,778,158,097	$ 1,360,582,907	$ 1,360,582,907	$ 22,138,741,004	$ 22,138,741,004	100%
$ 24,882,144,306	$ 24,882,144,306	$ 1,448,702,323	$ 1,448,702,323	$ 26,330,846,629	$ 26,330,846,629	100%

Note: Values are full value net of State subventions as per the Assessor's assessed roll. However, adjustments and cancellations after publication of the roll are not included.

County of Stanisluas
Property Tax Rates and Distributions
of General Levy Property Tax Rate
Among Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Property Tax Rates Per $100 of Assessed Valuation (Low)	(High)	County	Cities	(1) School District	Special District	Total
1994	0.8762	1.1976	12.00%	6.86%	75.41%	5.73%	100.00%
1995	0.8772	1.1678	11.95%	6.83%	75.14%	6.08%	100.00%
1996	0.8750	1.1746	11.89%	6.78%	74.90%	6.43%	100.00%
1997	0.8722	1.1926	11.94%	6.75%	74.79%	6.52%	100.00%
1998	0.8715	1.1576	11.84%	6.56%	74.89%	6.71%	100.00%
1999	0.8715	1.1619	11.80%	6.51%	74.63%	7.06%	100.00%
2000	0.8714	1.1728	11.73%	6.47%	74.20%	7.60%	100.00%
2001	0.8715	1.1461	11.70%	6.50%	73.40%	8.40%	100.00%
2002	0.9657	1.1382	11.58%	6.53%	74.01%	7.88%	100.00%
2003	0.9594	1.1280	11.45%	6.59%	73.46%	8.50%	100.00%

The County is divided into approximately 1,357 tax code areas, which are unique combinations of various jurisdictions serving a specific geographical area. The above tax rates, which include levies for general obligation bonds and special assessments, represent the low and high tax rates levied within each tax rate area.

The above allocation percentages are for general levies only and exclude general obligation bond rates and special assessments.

The passage of Proposition 13 on June 6, 1978 enacted Article XIII(A) of the State Constitution. This prohibits the levying of any tax rate, except for existing voter-approved bonded debt, in excess of the general tax rate of 1% of assessed value (4% prior to year ended June 30, 1982). The proceeds of this tax are shared by all overlapping local government entities.

(1) Includes Superintendent of Schools

County of Stanislaus
Legal Debt Margin
June 30, 2003

Assessed Value	$	26,330,846,629
Debt Limit: 1.25% of Taxable Property *	$	329,135,583
Amount of Debt Applicable to Debt Limit **		-
Legal Debt Margin	$	329,135,583

* The legal debt limit is set by statue at 1.25% of the total assessed valuation.

** Debt includes only general obligation bonded debt supported by property taxes.

Estimated Direct and Overlapping Bonded Debt
(as of December 1, 2002)

STANISLAUS COUNTY

2002-03 Assessed Valuation:	$24,679,602,644 (includes unitary utility valuation)
Redevelopment Incremental Valuation:	1,311,882,536
Adjusted Assessed Valuation:	$23,367,720,108

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 12/1/02
Modesto High School District	100. %	$ 85,176,180
Turlock Joint Union High School District	98.211	32,044,601
Ceres Unified School District	100.	19,877,257
Newman-Crows Landing Unified School District	100.	11,329,890
Patterson Joint Unified School District	98.736	18,667,921
Modesto City School District	100.	30,403,337
Sylvan School District	100.	11,365,000
Other School Districts	Various	25,000,121
Modesto Irrigation District	100.	2,835,000
Turlock Irrigation District	88.411	3,797,252
Newman Drainage District	100.	435,000
Empire Union School District Community Facilities District No. 87-1	100.	21,730,873
City Community Facilities Districts	100.	10,435,000
Salida Area Community Facilities District No. 1988-1	100.	36,855,000
Western Hills Water District Community Facilities District No. 1	100.	21,000,000
City 1915 Act Bonds	100.	17,921,741
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$348,874,173
Less: Modesto Irrigation District (100% self-supporting)		2,835,000
Turlock Irrigation District (100% self-supporting)		3,797,252
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$342,241,921

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Stanislaus County Certificates of Participation	**100. %**	**$ 95,565,000**
Stanislaus County Pension Obligations	**100.**	**87,080,000**
Stanislaus County Office of Education Certificates of Participation	100.	6,195,000
Yosemite Community College District Certificates of Participation	73.717	12,874,674
Modesto High School and City School District Certificates of Participation	100.	21,730,000
Empire Union School District Certificates of Participation	100.	6,535,000
Other School District Certificates of Participation	100.	13,777,293
City of Modesto General Fund Obligations	100.	94,210,000
City of Newman Certificates of Participation	100.	3,255,000
Other City Certificates of Participation	100.	2,475,696
Oakdale Irrigation District Certificates of Participation	95.080	1,825,536
Keyes Fire Protection District Certificates of Participation	100.	293,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$345,816,199
Less: Salida Union School District self-supporting obligations from AIG investment agreement		2,000,000
City of Newman Wastewater Certificates of Participation (100% self-supporting)		3,040,000
Oakdale Irrigation District Certificates of Participation (100% self-supporting)		1,825,536
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$338,950,663

GROSS COMBINED TOTAL DEBT	$694,690,372	(1)
NET COMBINED TOTAL DEBT	$681,192,584	

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2002-03 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	1.41%
Total Net Overlapping Tax and Assessment Debt	1.39%

County of Stanislaus
Ten Principal Taxpayers
June 30, 2003

Taxpayer	Type of Business	Property Taxes	Percentage of Total Property Taxes
Diablo Grande, LTD	Commercial	$ 2,288,161	0.8780%
Gallo Glass, Co.	Manufacturing	$ 1,623,961	0.6232%
SBC California	Utility	$ 1,484,973	0.5698%
Gallo Winery	Manufacturing	$ 1,264,179	0.4851%
Doctors Medical Center	Medical	$ 1,236,029	0.4743%
Macerich Vintage Faire, LTD	Commercial	$ 1,207,723	0.4634%
Hunt Wesson Foods, Inc.	Manufacturing	$ 1,183,577	0.4542%
Pacific Gas and Electric	Utility	$ 1,128,178	0.4329%
Foster Dairy Farms	Manufacturing	$ 994,186	0.3815%
Del Monte Corporation	Manufacturing	$ 989,669	0.3798%
	Total	$ 13,400,637	5.1423%

County of Stanislaus
Miscellaneous Statistical Data

GEOGRAPHICAL LOCATION : Stanislaus County is located in the central part of the state of California, about 300 miles north of Los Angeles and 90 miles east of San Francisco. The County is bordered on the north by San Joaquin County, on the east by Calaveras and Tuolumne Counties, on the south by Merced County, and on the west by Santa Clara County.

AREA OF COUNTY : Approximately 1,520 square miles

COUNTY SEAT : Modesto, California

FORM OF GOVERNMENT : General Law, County governed by five-member Board of Supervisors

DATE COUNTY FORMED : April 1, 1854

FISCAL YEAR BEGINS : July 1.

POPULATION :
(State Board of Finance)

Year	Population	%Increase
1991	382,289	4.70%
1992	394,978	3.32%
1993	404,731	2.47%
1994	413,400	2.14%
1995	411,268	-0.52%
1996	416,127	1.18%
1997	419,480	0.81%
1998	427,642	1.95%
1999	432,990	1.25%
2000	441,364	1.93%
2001	446,997	1.28%
2002	469,512	5.04%
2003	481,604	2.58%

INCORPORATED CITIES :

Ceres	Newman	Patterson
Hughson	Oakdale	Riverbank
Modesto	Waterford	Turlock

Principal Employers in Stanislaus County
As of June 30, 2003
(Stanislaus County Economic Development Corporation)

NAME OF EMPLOYER	EMPLOYEES	TYPE OF BUSINESS
County of Stanislaus	4,747	Government
Signature Foods	4,100	Manufacturing
Modesto City Schools	4,000	Education
E & J Gallo	3,425	Wines
Del Monte Corporation	2,600	Manufacturing
Memorial Hospital Association	2,600	Health Care
Doctors Medical Center	2,300	Health Care
Stanislaus Foods	2,000	Manufacturing
Turlock School District	1,831	Education
Foster Farms	1,813	Turkey Products

ELECTION NOVEMBER 2002
(County Registrar of Voters)

Registered Voters:	212,801
Number Voting:	98,692
Percent Voting	46.38%

MILES OF COUNTY-MAINTAINED ROADS
(County Department of Public Works)

1,542

CONSTRUCTION PERMITS
(County Building Department)

Calendar Year	# of Permits	Cost of Permits
1993	3,686	$931,992
1994	2,720	$1,011,681
1995	1,119	$1,030,349
1996	1,791	$1,031,882
1997	3,475	$1,093,601
1998	3,283	$1,506,397
1999	2,110	$1,292,098
2000	3,201	$1,616,198
2001	3,522	$1,596,172
2002	3,281	$1,703,735

County of Stanislaus
Miscellaneous Statistical Data (continued)
June 30, 2003

	Year	Number of Employees *	Percent of Increase (Decrease)	Number of Employees Per Thousand Population
County Employees at June 30 :	1994	3,801	0.4%	9.2
(County Payroll Register)	1995	3,920	3.1%	9.5
	1996	3,985	1.7%	9.6
	1997	4,180	4.9%	10
	1998	4,171	-0.2%	9.8
	1999	4,190	0.5%	9.7
	2000	4,542	8.4%	10.3
	2001	4,972	9.5%	11.1
	2002	4,710	-5.3%	10
	2003	4,536	-3.7%	9.4

Number of Special Districts Controlled by Board of Supervisors :	County Service Areas	19	Lighting	30
	Drainage	12	Cap. Imp.	1
			Total	62

Number of other Special Districts :	California Water	12	Cemetery	3
	Mosquito Abatement	2	Sanitation	2
	Resource Conservation	3	Reclamation	2
	Community Services	8	Hospital	3
	Flood Control & Drainage	2	Irrigation	4
	Fire Protection	15	Drainage	1
	Emergency Medical Service	1	Lighting	1
	Redevelopment Agency	10	SAAG	1
	Finance Agency	2	Total	72

* Note: Number of employees includes temporary and extra-help employees.